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NEWS SUMMARY

GENERAL

Italy faces general strike

PLANS for a general strike in Italy will be announced next Monday or Tuesday, if there is no immediate Government intervention in the dispute with Fiat, the country's largest employer, three big labour federations said yesterday.

The federations decided to proceed, after meeting trade unionists in Rome yesterday, unless Fiat discussed cancellation of three-month layoffs of nearly 23,000 workers which took effect yesterday after two weeks' protests.

Pickets blocked access to Fiat's Turin factories to all but maintenance staff as union-management disputes escalated. The company seeks a court order forcing pickets to release stocks of best-selling Panda and 112 models from the Autobianchi factory, Desio where limited production continues. New Government, Back Page

Bakhtiar flies 'to Jordan'

Exiled Shapur Bakhtiar, the late Shah's last Prime Minister of Iran, flew from Paris, bound for Amman, Jordan, yesterday, Orly airport sources said. He used an Iraqi airliner grounded in Paris since outbreak of Iran-Iraq hostilities.

He formed a resistance movement and urged overthrow of the Islamic Republic in August. Jordan has road access to Iraq. Hostages, Page 4

Somalia shortage

Hundreds of thousands of Ethiopian refugees face starvation because of the fuel shortage caused by Iraq's stopping oil supplies to Somalia.

Polish strike

Today's nation-wide token protest strike will be the first major test of strength of Poland's new independent unions. Leaders drew up final instructions, undeterred by Government pressure to call off the action.

Historic deal

Mining companies must negotiate with Aborigines before starting explorations in South Australia, provided the State parliament ratifies the first land rights agreement of its kind signed in Australia.

Bombay arrests

About 7,000 opposition supporters were arrested in Bombay, protesting against rising prices and deterioration in India's law and order.

China's leader

Chairman Hua Guofeng is losing influence as China's top leader and faces growing criticism in the country's Press. Page 4

Canada talks

Canada's External Affairs and Environment Ministers arrive in London at the weekend to explain plans to transfer Canada's British constitution from London to Ottawa.

Savoy murder

Police are hunting a knifeman after a masseuse in her 30s was murdered in Room 853 of London's Savoy Hotel on Wednesday. The hotel's one other murder was in 1923.

Briefly . . .

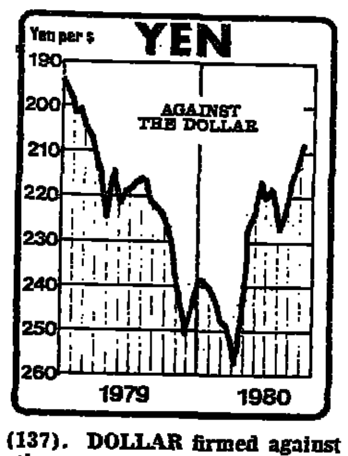
British ship Oversea Adventurer brought 82 Vietnamese refugees picked up at sea to Bangkok.

Former Sri Lankan Prime Minister Sir John Kotelawala died, aged 83.

BUSINESS

Yen at 18-month high; gold down $10

● YEN rose to an 18-month high against the dollar, as Middle East fears faded, closing at Y208 (Y208.50). Its trade weighted index rose to 137.5



(137). DOLLAR firmed against other currencies as U.S. prime rates rose to 14 per cent, closing at DM 1.8120 (DM 1.8080). Its index was unchanged at 83.5. Page 29

● STERLING fell 40 points to $2.3870. Its index was 75.7 (75.8). Page 29

● GOLD fell $10 to $670.50 partly on indications of increased oil production. Page 29

● EQUITIES drifted as hopes of an interest rates cut faded. The FT 30-share index closed 4.5 lower at 478.7. Page 32

● GILTS: the Government Securities index closed 0.03 lower at 70.71. Page 32

● WALL STREET was down 1.45 at 937.97 near the close. Page 30

● PROFITABILITY as a proportion of capital was the lowest for 20 years last year for companies outside the North Sea sector. Page 10

● NATIONAL GIROBANK is considering regional offices to compete with clearing banks. Page 10

● BL CARS will proceed with 4,200 redundancies despite union warnings. Back Page. Talks began over a dispute which halted Mini Metro and Mini production. New Government aid call Page 11.

● PRINT UNION leaders will approach newspaper proprietors seeking a new evening newspaper to replace the threatened London Evening News. Page 11

● OIL COMPANIES, accused of squeezing independent petrol stations, will not be investigated by the Office of Fair Trading. Page 7

● EEC COMMISSION unveiled plans to toughen controls over shipping. Page 10

● DOW CHEMICAL detailed plans for a £400m petro chemicals plant in Scotland. Page 8

● HOECHST of West Germany, the world's second largest chemicals group, is putting 3,000 workers on short time. August sales fell 16 per cent over last year. Page 27

● GENERAL TELEPHONE and Electronics of the U.S. is to sell its U.S. consumer electronics business to North American Philips. Back Page

● BRITISH ENKALON, man-made fibre manufacturer, said first half losses increased from £531,000 to £2.94m ebfore tax. Page 23

● AUSTIN REED group reported taxable profits down £940,000 to £370,000 in the first half. Page 22

● ALPINE HOLDINGS' first half profits fell from £1.06m to £271,000 before tax. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Alpine Hldgs.	47	+ 10
Amalg. Power	56	+ 4
Anglo-Amr. Asphalt	27	+ 4
Crouch Group	142	+ 6
Hambros Bank	608	+ 28
Lee Cooper	150	+ 10
NCC Energy	74*	+ 6
Radley Fashion	30	+ 6
Roschaugh	185	+ 9
Security Centres	73	+ 11
Serck	54	+ 4
Wiggins Construct	31	+ 3
BP	414	+ 22
Double Eagle	810	+ 90
Sovereign Oil	378	+ 18
Warrior Resources	440	+ 30
Berjuntai	245	+ 10
Cons. Gold (Br.)	750	+ 50
Gopeng	770	+ 40
Malayan Tin Drdng.	120	+ 14
Poseontinental	415	+ 20

FALLS

Armitage Shanks	109	− 4
Assd. Dairies	222	− 10
Assd. Newspapers	298	− 11
Distillers	210	− 5
GEC	515	− 7
GUS A	452	− 6
GKN	177	− 4
ICI	340	− 6
Macallan-Glenlivet	520	− 20
Metal Box	262	− 8
Reed (Austin) A	62	− 6
Tube Invs.	228	− 10
Wolstenholme Rink	114	− 8
Anglo-Amer. Gold	£54½	− 1½
Gold Mn. Kalgoorlie	525	− 20
Minorco	635	− 35
Poseidon	328	− 10
West Driefontein	£48½	− 1½
Western Holdings	£47½	− 1½

* Stock suspended

Labour postpones quest for leadership formula

BY RICHARD EVANS, LOBBY EDITOR, IN BLACKPOOL

THE LABOUR PARTY afforded itself some breathing space yesterday to find a new formula for electing a leader, but it was no nearer to achieving the unity sought by Mr. James Callaghan at the start of this week's tumultuous Blackpool conference.

Delegates decided after an agonised and, at times, electrifying debate to hold a special conference in January aimed at constructing a new electoral system acceptable to the trade unions, constituency parties and Labour MPs.

There will then have to be a further conference, probably next spring, when representatives of the three elements in the party will meet to elect the leader under an extended franchise.

This delay could give rise to considerable poblems: the Parliamentary Labour Party is obliged under its constitution to elect a leader at the start of the new session in November.

The big question at Blackpool remained whether Mr. Callaghan would agree to stay on until the new system could be implemented. He declined to end the speculation when he made a surprise intervention at the confeence, but he was under growing pressure from union leaders *and Left-wingers to continue.*

Mr. Callaghan was clearly relieved at the conference decision to reject a formula hastily constructed by the National Executive Committee early yesterday morning. He admitted that any leader chosen by MPs would have to be regarded as a caretaker, and would then have to resubmit to election by the new system next year.

Everything will depend on the outcome of the intensive negotiations between trade union and party leaders between now and January, but Right-wing leaders are increasingly uneasy at the events of the week and the way they believe Mr. Callaghan has been outmanoeuvred by Mr. Anthony Wedgwood Benn and the Left.

At a fringe meeting Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers all criticised the leadership for playing too passive a role. Mrs. Williams called on Mr. Callaghan to "end the running uncertainty over the leadership" within the next few days.

The decision to extend the franchise for electing the leader has undoubtedly been a setback for Mr. Denis Healey's chances as Mr. Callaghan's successor, but his supporters were claiming that he would probably remain favourite under new rules.

They argued that he would *win the support of the parliamentary party* and of many trade unionists, although he would be opposed by many constituency parties.

The chief beneficiaries of the change are probably Mr. Peter Shore and Mr. John Silkin. Mr. Benn would stand no more chance with a wider electoral college than with the parliamentary party because of opposition to him among trade unions as well as from MPs.

The day started with the 8 am crisis meeting of the executive, where a formula was constructed giving 40 per cent of the votes in the electoral college to the trade unions, 30 per cent to the PLP, and 30 per cent to local labour parties.

Conference reports, page 12
Editorial Comment, Page 20

Mr. Callaghan and Right-wingers opposed this being put to the conference on the grounds that more time was needed for consultation. But after an angry confrontation between Mr. Callaghan and Mr. Benn the proposal went ahead.

Mr. Callaghan said that in his view the PLP would not have Mr. Benn "foisted" on them as party leader. "It would be a disaster." In such circumstances he believed MPs would elect their own leader.

After a series of hastily convened meetings of union and constituency delegations, the proposal was put to conference. Left-wingers argued for its acceptance in order to end the party's anguish but the Right wanted more time.

The NEC's formula was rejected after passionate debate, and a trade union-backed resolution calling for the special conference in January was accepted instead.

Mr. Callaghan said in an interview on BBC television last night that he believed commonsense had prevailed and he was confident that the issue could be cleared up in January.

But he admitted that his plea for unity was premature and *had been ignored. He thought* that the party would stabilise bwy next year's conference.

The venom between Left and Right displayed at Blackpool this week, in conference and at fringe meetings makes observers wary of forecasting an early end to the deep divisions.

These have been not only on the constitutional issues but also on key policies covering control of the economy and industry, continued membership of the EEC, and defence. Delegates yesterday passed conflicting resolutions advocating unilateral and multilateral nuclear disarmament, although a Left-*wing call for Britain's with*drawal from Nato was heavily defeated.

Saudis 'ready to raise oil output'

BY LESLIE DE QUILLACQ IN KUWAIT AND RAY DAFTER IN LONDON

SAUDI ARABIA, the world's major oil exporter, is planning to increase production by 700,000 barrels a day—by 7.4 per cent—according to unconfirmed industry reports.

The Saudis are expected to raise output to around 10.2m b/d on a temporary basis in order to compensate for the lost exports from Iran and Iraq and to dampen price rises on the volatile spot market.

There was also speculation yesterday that other members of the Organisation of Petroleum Exporting Countries might follow the Saudi lead.

Mr. Saadoun Hammadi, Iraq's Foreign Minister, was reported in Kuwait to have asked other Arab producers to increase their production in the light of the 3.5m b/d shortfall in exports caused by the Iraqi-*Iranian* war.

However, there was no official confirmation that Saudi Arabia was prepared to raise its output to a level many in the oil industry believe to be close to the maximum sustainable peak.

The Arabian American Oil *Company (Aramco), which in* the past has handled temporary increases in the kingdom's output, said it knew nothing of the Saudi decision. Big U.S. oil companies, partners in Aramco, said they were also unaware of the reported move.

The official Saudi News Agency denied that output was *being increased although oil in*dustry executives in Tokyo and the Middle East were adamant that the Saudis had decided on an increase of 700,000 b/d to a level of 10.2m b/d. Petroleum Intelligence Weekly, a leading oil industry newsletter, said the raised output would be limited to a higher figure of an extra *900,000 b/d.*

Oil industry executives say Saudi Arabia is keen to see the

Continued on Back Page

CARRINGTON WARNS ON GULF

Lord Carrington, the Foreign Secretary, yesterday warned those who want the West to adopt a more militant attitude in the Gulf that they ought to be sure "such activity is constructive and helpful. The comments followed his weekend visit to Washington but the Foreign Office denied they were a reference to the U.S.

During crisis meetings last weekend between Lord Carrington and senior Administration officials, possible U.S. countermeasures to the war were discussed. Despite official denials, it appears that the British reacted with alarm to some suggestions and played a key role in moderating the American plans.

Lord Carrington's party was struck by the contrast between the apparent calm with *which the war is being treated* publicly in the media and the gravity of top level U.S. talks

British Rail criticised for fall in standards

BY DAVID CHURCHILL AND LYNTON McLAIN

BRITISH RAIL'S south-east commuter services were strongly criticised yesterday in a Monopolies and Mergers Commission report.

The Commission concluded that standards of services had deteriorated over the past six years, with more cancellations and late-running of trains and lower standards of cleanliness.

The Commission has recommended 36 detailed measures to improve British Rail's operational efficiency and lower its costs without any further decline in standards.

Sir Peter Parker, chairman of the British Railways Board said the report "could prove to be a very helpful contribution to the commuter debate." He welcomed the investigation but warned that in the short term, the commuter could be having a "tougher time," with more cuts in services from January.

He said the recommendation *that the Government and the* Board should discuss the "objectives for the social railway in London and the south-east" went right to the heart of the problem. He wanted to know who benefited from commuter services — that were not required to make a profit — and who should pay for them.

The Government accepted the Commission's recommendation that the time had come to "redefine the objectives for the commuter services and give the Board clear guidance on investment."

But Mr. Norman Fowler, the Transport Minister, stopped short of demanding immediate action by BR to improve efficiency and productivity.

Monopolies Commission report. Page 10
Editorial Comment. Page 20

In a letter to Sir Peter he listed four areas for "follow-up action" by BR. These included service levels and standards, rolling stock design and efficiency and productivity. However, BR was asked only to "consider the progress it is realistic to envisage in efficiency and productivity."

The Commission's main findings include:

● There have been more cancellations and train punctuality has fallen over the past six years. Standard of carriage cleaning has also declined.

● Manpower productivity has hardly increased in the last two years.

● Cost control of rolling stock maintenance has been very weak.

● Some investment schemes have been over optimistic and alternatives for rolling stock investment were not considered with sufficient care.

● The track renewal programme is behind schedule, and the quality of service will suffer if this continues.

The Commission's recommendations for action include:

● Improved systems for relaying information to passengers.

● Better personnel management of train crew.

● Productivity payments should only be made to staff who accept new or revised working practices.

● The fares structure should be reviewed in relation to cost, distance and off-peak travel.

● Management numbers at divisional level should be reduced and a new London and south east region formed instead of the present seven divisions.

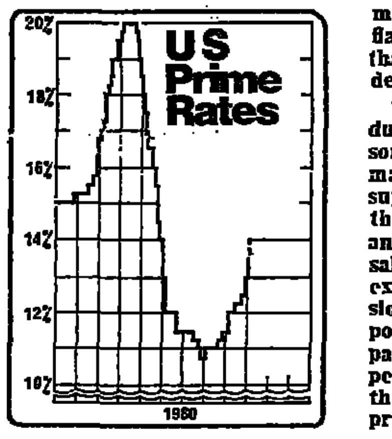
Citibank lifts prime rate to 14%

BY DAVID LASCELLES IN NEW YORK

CITIBANK of New York vaulted over other large U.S. banks yesterday and pushed its prime rate up a full percentage point to 14 per cent, *half a point higher than* everybody else. Citibank was the only major bank that held back from Wednesday's half-point increase from 13 per cent to 13½ per cent.

Though Citibank's move was dramatic it had little impact on Wall Street. A surge in the prime—the rate banks charge their best corporate borrowers—had been foreshadowed by the steep increase in short-term interest rates in the last few days.

In fact there were signs that the Federal Reserve was trying to control the wilder fluctuations of the money market yesterday by injecting funds when rates exceeded 13 per cent or so.



This helped to calm the credit markets, and bond prices even rallied slightly.

But there is a mounting feeling in Wall Street that the level of interest rates is not justified either by demand for funds or inflationary expectations, and that there must soon be a decline.

Two economic statistics *due out today could take* some of the pressure off the market. The weekly money supply figures could show their first drop in six weeks, analysts believe. The wholesale price index is also expected to show a much slower rate of growth, possibly 0.5 per cent compared with last month's 1.5 per cent, mainly because of the slower increase in farm prices.

£ in New York

—	Oct. 1	previous
Spot	$2.3940-3950	$2.3835-3845
1 month	0.75-0.66 dis.	0.62-0.55 dis
3 months	1.32-1.26 dis.	1.05-0.98 dis
12 months	1.40-1.25 dis.	1.35-1.15 dis

Massey shares given away

BY IAN HARGREAVES

THE DRAMA surrounding the fate of Massey Ferguson, the world's third largest farm-machinery company, reached fever pitch yesterday when Argus Corporation, the company's largest shareholder, gave away all its shares.

The move came minutes before the Canadian Cabinet went into session in Ottawa to consider a request from Massey for up to C$ 500m (£178m) in Government aid.

Massey's shares were suspended on the Toronto and New York Exchanges, as all comment was refused in advance of an expected announcement from Ottawa.

Mr. Conrad Black, president of Argus and until June chairman of Massey, issued a brief *statement in Toronto stating* that his company's 16.4 per cent stake—worth about C$25m at Monday's depressed Massey trading price—would go "without consideration" to Massey's two Canadian pension funds.

Mr. Black also withdrew immediately from the Massey Ferguson board, along with six other Argus-appointed directors, reducing the size of the Massey board almost by half.

Widely conflicting interpretations were available of yesterday's events, which astonished the Toronto financial community.

The most credible view was *that Argus had pulled out* from a decade-long involvement with Massey to clear the way for the Government to take an equity stake and name its own appointees to the board.

The other theory was that Argus, having already publicly written off its investment in Massey, was throwing away a slice of stock which would be of little value if Massey was bankrupt, as it would without urgent aid from the Government or someone else.

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EUROPEAN NEWS

Speculation as Brezhnev cuts India banquet

BY DAVID SATTER IN MOSCOW

ON THE eve of a token general strike in Poland, Mr. Leonid Brezhnev, the Soviet President, was reported yesterday to have failed to attend a dinner arranged in his honour on Wednesday night by Mr. Sanjiva Reddy, the Indian President.

Indian diplomats are said to have been told late in the day that Mr. Brezhnev had other "important business," and Soviet officials insisted he had no health problems.

Mr. Brezhnev was host for a banquet for Mr. Reddy on Tuesday and he delivered a 15-minute speech in which he suggested that the United States was responsible for the conflict between Iran and Iraq.

His unexpected absence on Wednesday night immediately led to speculation that there were urgent developments in the Polish situation because Mr. Brezhnev's health has been good lately. There was not believed to be any pressure for major Soviet decisions on the war between Iran and Iraq.

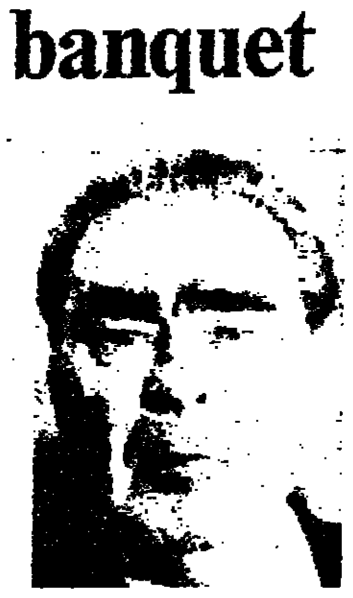
The Indian banquet was Mr. Reddy's return dinner in Mr. Brezhnev's honour and Mr. Brezhnev normally adheres strictly to his prepared schedule. It is understood, however, that there had been hints on Tuesday that he might not be able to attend.

In another development, Mr. Stanislaw Kania, the Polish leader, in a message to Mr. Brezhnev, published yesterday in hte Soviet Communit Party newspaper, promised that he would seek to strengthen the leading role of the Polish Communist Party.

Mr. Kania said the Polish party would be guided by the "fundamental principles of Marxism-Leninism." His message was sent in a reply to a message from Mr. Brezhnev early last month congratulating Mr. Kania on his appointment as head of the Polish party. There was no indication of why Pravda waited so long to publish Mr. Kania's reply.

Mr. Kania said the Polish party, which faces what may be a long struggle for power with Poland's independent unions, would do everything to overcome the difficulties Poland now faced and to ensure "the construction of a developed Socialist society."

Soviet ideologists have been disturbed by the appearance of the independent unions in Poland whose existence contradicts the notion of the Communist Party as the vanguard of the working class. Pravda last week quoted Lenin to the effect that independent unions like those proliferating throughout Poland could have no place in a Socialist state.



● Mr. Brezhnev (right):

French to spend £10bn on technology

By Robert Mauthner in Paris

THE EIGHTH French five-year plan, covering the period 1981 to 1985 and approved by the the Cabinet on Wednesday, foresees a big effort by the Government to promote scientific and technological research and to develop technologically advanced industries.

The nation's research and development programme, which has been made the top priority by President Giscard d'Estaing aims to hoist France into the group of the world's most technologically advanced nations.

The plan's objective is that research and development expenditure should rise from 1.8 per cent of GDP at present to 2.15 per cent in 1985.

The Government is planning an investment effort totalling some Frfr 100bn (about £10bn) over the five-year period of the plan for the development of advanced technology industries ranging from nuclear aerospace to micro-electronics, telecommunications, computers and office information systems.

While it will be up to individual companies to take the initiative in developing their activities in these fields, the State will provide investment aid for the most promising sectors and projects.

Special emphasis has also been laid in the plan on reducing the country's oil consumption, given that its oil bill has doubled between 1978 and 1980 to FFr 110bn. The official aim is to reduce the proportion of oil in total energy consumption from 56 per cent in 1979 to 44 per cent in 1985 and 30 per cent in 1990.

Energy savings are expected to reach the equivalent of 35m tonnes of oil by the end of the five-year period and total energy consumption the equivalent of 219m tonnes of oil in 1985, compared with 193.5m tonnes in 1979. The plan aims at a greater diversification of energy sources, including a special effort to develop fast breeder nuclear technology.

Another programme which will be given priority is the modernisation of agriculture and the development of the processed food industry. The report on the plan stresses, in particular, the need to make French agriculture more competitive and to look to markets outside the European Community.

Bundesbank resists pressure to ease its monetary policy

BY STEWART FLEMING IN FRANKFURT

IN THE face of rising interest rates in the U.S. the Bundesbank, the West German central bank, yesterday resisted domestic pressure to ease its monetary policy, and announced no change in its key interest rates.

The central bank's decision came after news that unemployment in the Federal Republic fell slightly in September, from 3.7 per cent to 3.5 per cent. While this may ease the political pressures on the central bank there is a widespread feeling that West German interest rates are too high, even the deteriorating economic outlook. The Federal Labour Office commented that the unemployment figures did not signify any improvement in the economic outlook.

The policies of the U.S. Federal Reserve Board are being blamed by West German bankers for restricting the Frankfurt authorities' freedom of action.

In Washington earlier this week Herr Harald Kuehnen, president of the Federation of West German Banks said that U.S. policies made the West German situation more difficult. Separately Herr Karl Otto Poehl, president of the Bundesbank, had to clarify remarks which had been taken as indicating that he, too, was expressing reservations of U.S. monetary policy.

Some West German bankers and economists are concerned that recent rises in U.S. rates have made it more difficult to ease further domestic monetary policy, even though a further easing is needed, because of the impact such a move might have on the value of the Mark on the foreign exchanges.

Herr Poehl this week cited the slowdown in the German inflation rate and the weakness of theeconomy as factors which, along with moderate monetary growth, presented an opportunity for some relaxation of monetary policy. Further steps in this direction later this month are expected by the Frankfurt money markets.

But the difficulties of implementing such steps in the face of no evidence of any reduction in the West German current account deficit were also underlined this week by Dr. Helmut Schlesinger, the Bundesbank vice-president.

While it is recognised that the U.S. authorities must continue to pursue restrictive monetary policies in order to fight inflation some economists are critical of the Fed's tactics. They argue that since shifting the emphasis of its monetary policy away fro mthe Federal funds interest rate in October of last year the Fed has paid too little attention to general interest rate trends and permitted unnecessarily violent fluctuations in short term rates.

Andalusia deadlock broken

By Our Madrid Correspondent

SR. ADOLFO SUAREZ, the Spanish Prime Minister, and the leader of the Socialist party, Sr. Felipe Gonzalez, have agreed in principle on the controversial granting of regional autonomy to Andalusia.

The agreement, made public by Sr. Gonzalez after a prolonged meeting between members of the Government and the Socialist party executive, will give Andalusia the same degree of autonomy that the government had previously reserved for three regions—the Basque country, Catalonia and Galicia.

In this way, the Government has confirmed that it is adopting a more conciliatory approach to regionalism than was first hinted by Sr. Suarez last month when he was seeking a parliamentary vote of confidence.

In principle, Andalusian deputies will now be allowed to participate in drafting their own autonomy statutes, and Andalusia—like the Basque country and Catalonia—will eventually elect its own regional parliament.

However, Sr. Gonzalez told journalists that a formula still has to be worked out, in conjunction with Andalusian deputies, on how to include the province of Almeria

Brussels drafts company disclosure rules

BY GILES MERRITT IN BRUSSELS

THE European Commission, after months of internal dissension, has adopted a draft directive that, if accepted by the EEC Council of Ministers, will compel all multinational corporations with operations inside the Community, as well as all of the more "complex" of national companies, to operate "full disclosure" policies in their dealings with employees.

But acceptance by the EEC governments of the new information and consultation rules remains a very big "if." A number of member states, notably the British Government, are expected to demand important clarification and re-draftings by the Brussels Commission once the draft directive is formally submitted to the Council.

The "Vredeling Initiative," as the draft directive on disclosure of corporate decisions has been labelled, after Mr. Henk Vredeling, the EEC Social Affairs Commissioner, contains a number of conditions that industry throughout the Community finds hard to accept. In particular, such items as that requiring companies to give their employees' representatives 40 days' notice of major decisions that would include take-over plans where confidentiality is a prime requirement.

The initiative is in fact a determined attempt to incorporate the OECD's June, 1976, guidelines on multinationals' disclosure levels into Community law. But there are serious reserves in a number of member states on the effect on multinationals' investment in the EEC of making mandatory disclosure requirements that are only a voluntary code elsewhere.

Acceptance of the draft directive by the 13-member European Commission is nevertheless being seen by Brussels experts as a considerable landmark. Although jointly backed by Mr. Vredeling and Viscount Etienne Davignon, the Industry Commissioner, it has been staunchly opposed by Commissioners from France, Britain, West Germany and Ireland. And while it may be several years before in an amended form it becomes an EEC directive, its new status as a draft directive is expected to colour negotiations on disclosure and redundancies between trade unions and employers inside the Community.

15% of regional fund earmarked for Greece

BY JOHN WYLES IN BRUSSELS

GREEK membership of the EEC from next January allied to budget economies so far endorsed by the Nine could mean that, in real terms, regional spending commitments in the UK, Ireland, and Italy will fall next year.

This is one of the consequences of a proposal just adopted by the European Commission that Greece's quota share of the EEC's regional fund should be fixed at 15 per cent for 1981. Some 95 per cent of the total fund is allocated according to quota and the Commission has devised a formula which reduces the Nine's current quotas by between 13.6 per cent and 127 per cent to allow Greece a 15 per cent share.

In its draft 1981 budget proposals, the Commission tabled a 37.3 per cent increase in appropriation commitments for the regional funds quota section so that no current EEC member suffered an absolute reduction in its money allocation in 1981.

But the quota section was cut back from £957.6m to £837.9m in last week's slaughter of the Commission's plans by Budget Ministers. Unles these cuts are restored, regional spending commitments for the three states which are currently the poorest in the Community, the UK, Ireland and Italy, will all be lower in 1981 than the prevailing 9.6 per cent EEC inflation rate.

The UK's quota is to be cut from 27.03 per cent to 23.34 per cent and, as a result of last week's cuts, its appropriation commitment for 1981 could be £195.6m which is only 3.7 per cent more than in the 1980 budget. In the case of Italy, whose quota falls from 39.39 per cent to 34.93 per cent on the Commission proposal, the fund commitment would be only 6.5 per cent higher in 1981, while Ireland would receive a 9.1 per cent increase.

Greece has been promised that ti will not be a net contributor to the EEC budget in the early years of its membership. But France is expected to argue for a lower quota for Greece, while the UK wants a bigger reduction in the existing quotas of the wealthier member states to accommodate spending in Greece.

But another consequence of last week's economies is that under the new proposed quotas, spending commitments for both France and West Germany would be lower in absolute terms in 1981 than this year.

French set to oppose Japan car invasion

BY TERRY DODSWORTH IN PARIS

THE FRENCH motor industry is publicly closing ranks, with the clear support of the Government, against the threat of a Japanese invasion of the domestic car market this year.

Japanese car sales have effectively been limited by the French authorities to under 3 per cent of annual registrations since the mid-1970s. But the possibility of this limitation being reached has been raised by the steady rise in Japanese car imports to France during the first eight months of the year.

The Japanese question was first raised, with considerable vehemence, by M. Jean-Paul Parayre, chairman of Peugeout, during his recent announcement of the reorganisation of the group's Talbot subsidiary. M. Parayre put part of the blame for the dramatic 20 per cent slump in group sales this year on the Japanese, who, he said, had embarked on a ruthless export policy in Europe.

The French have also been openly irritated by the development of European links with Japanese companies, such as the agreement between British Leyland and Honda and between Alfa Romeo and Nissan.

In the absence of a concerted European approach to the problem, however, the Government has shown its determination to block any build-up of Japanese sales in France. M. Andre Giraud, the Industry Minister, made this position quite clear in a recent interview in which he said that the 3 per cent limitation would remain as long as it was not possible to export French vehicles in satisfactory numbers to Japan.

Oil Minister resigns in Norway

By Fay Gjester in Oslo

ONE OF the architects of Norwegian oil policy through the latter half of the 1970s, Mr. Bjartmar Gjerde, yesterday announced his resignation as Energy Minister in the Labour Cabinet of Mr. Odvar Nordli. The surprise move led to speculation that the Prime Minister might be forced to shuffle his Cabinet extensively.

Earlier this week, Mrs. Inger Louise Valle, the Labour Minister, resigned on the grounds that she was tired after some nine years in ministerial posts. Almost immediately afterwards it was learned that Mr. Andreas Cappelen, the Justice Minister, also wanted to quit on personal grounds. Mr. Nordli was reported to be trying to persuade Mr. Cappelen to stay, because he wanted to avoid an extensive Cabinet shake-up. Now he may have no choice.

Mr. Gjerde, too, has pleaded weariness after a long spell in office. Some Oslo observers suggest, however, that this is not the whole story. Mr. Gjerde tried to resign a year ago during a previous Cabinet shuffle, and he is known to have been irritated at the Prime Minister's indecisiveness on a number of oil and energy issues.

Mr. Gjerde himself is a very decisive administrator and a strong advocate of economic growth. He is not popular with Norway's influential conservationist lobby. As Oil and Energy Minister, he has pressed for continued hydro-electric development, including the implementation of several very controversial schemes.

He favoured an early start to oil exploration in northern waters which finally got under way this summer, after several postponements. He also supports the official ceiling on petroleum production of 90m tonnes of oil equivalent annually—a figure conservationists regard as far too high.

Among those believed to be in the running for Mr. Gjerde's job is Mr. Einar Magnussen, a former Minister of Trade and at present director of the Norwegian Export Council. Another possible candidate is Mr. Arvid Johansen, deputy chairman of Labour's parliamentary group, chairman of the Storting (Parliament) Foreign Affairs Committee, and a former chairman of the Industrial Affairs Committee.

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Dutch negotiate a higher price for gas exports

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has persuaded most of its foreign customers to pay a higher price for its gas and has negotiated significant changes in the way in which the export price is calculated.

The Dutch have reached agreement with customers who buy 90 per cent of the 45bn cubic metres or so exported from their gas fields each year, including gas companies in Belgium, France, Italy, Switzerland and Ruhrgas of West Germany, Mr. Gijs van Aardenne, the Economics Minister, said yesterday.

Talks are continuing with two West German utilities, Rheinisch-Westfaelisches Elektrizitaetswerke (RWE) and Vereinigte Elektrizitaetszentrale Westfalen (VEW). The West Germans have been unwilling to agree to higher gas charges, and thus to higher electricity prices, just before next Sunday's general election, and this has delayed the talks, said Mr. Dirk Spierenburg, the senior Dutch negotiator.

The average basic price charged for Dutch gas has been raised by 14 per cent or 3.4 guilder cents to 27.5 cents a cubic metre, bringing it into line with the Fl 360 (£76.5) a tonne refinery price charged for low sulphur heating oil in mid-1980.

Any increase in the price of heating oil will be matched by a 95 per cent increase in the price of gas. At present, gas is only 80 per cent indexed to oil. The average delay in adjusting the gas price will be cut from 11 to five months.

These changes will take effect fully in October next year after an adjustment period of 15 months backdated to last July. The new price formula will apply until October, 1984, when it will be renegotiated. The Dutch may also renegotiate rates before then if any major disturbance occurs to push up the price of oil.

Despite the tough negotiations needed to achieve these changes, the Dutch were forced to make only minor concessions, Mr. Spierenburg said. These included extending the delivery period for the contracted volumes of gas and agreeing to ease Italy's entry into a consortium negotiating for Norwegian gas.

The "Spierenburg effect" will add only Fl 150m (£32m) to Dutch gas revenues of Fl 9.1bn (£1.9bn) this year but this will rise to Fl 1.3bn (£275m) in 1981 and Fl 2bn (£425m) annually thereafter. The 3.4 cent rise in the gas price assumes no increase in the cost of heating oil. A 10 per cent increase in the oil price would add 5.2 cents to the current gas price and a 20 per cent increase would add seven cents.

Roger Boyes in Bonn analyses one of Europe's most complicated electoral systems

Schmidt v. Strauss: how the voting works

WEST GERMANS will go to the polls this week-end to choose between a Social Democrat-Free Democrat Government or a new Christian Democrat-led Government under the leadership of Herr Franz-Josef Strauss. Yet many Germans—a recent poll estimates as many as 41 per cent—will be voting without any clear idea of how their complicated election system works.

Indeed, the German system must rank as one of the most complicated in Europe, largely because it has had to reconcile so many different aims. The creators of the system were determined that the fundamental anomalies and weaknesses of the Weimar Republic should not be repeated, but at the same time a system had to be devised which balanced the interests of the federal Government and the regional states (the Laender), provided a strong role for the Chancellor, and above all made for workable majorities. Hurdles had to be created to prevent extremist parties attaining power, but the hurdles were not to be so high that smaller parties were excluded, allowing for the possibility of coalition government.

The end result has been a curious hybrid of direct election and proportional representation which has, almost in spite of itself, been able to produce 30 years of stable government.

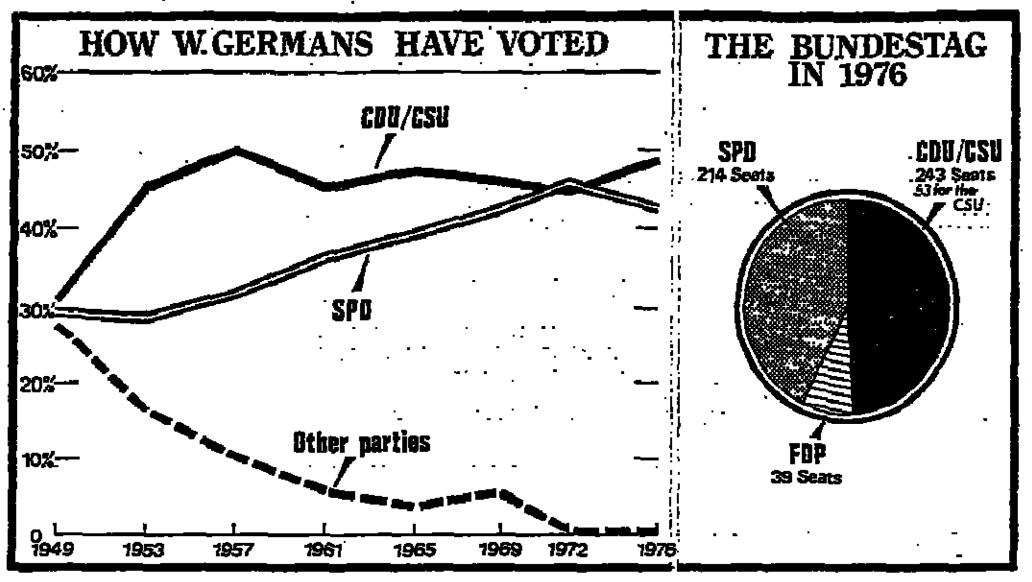
The two outstanding features of the system are the "second vote" and the so-called "5 per cent clause."

● Each West German citizen over the age of 18 has two votes. The first is given to one candidate in his constituency who is then elected, as in Britain, on the principle of simple majorities. The candidate with the most votes wins the seat. This accounts for 248 of the 496 deputies

The second vote, given to a party rather than a person, is what determines the final balance of power. The second votes for each party are counted and seats are divided proportionately. Each party has lists of candidates for the seats available and those at the top of their respective lists are sure to be returned. An example: in one constituency the Social Democrats receive 10,000 second votes, the Christian Democrats receive 8,000 and the Free Democrats receive 3,000. The likely division of 15 seats is seven for the Social Democrats, six for the Christian Democrats and two for the Free Democrats—one Christian Democrat and five Free Democrats will thus fail to get seats.

Only parties which have won 5 per cent or more of the second votes, or at least three direct mandates, can be considered for a share of the second vote. Providing parties manage to negotiate this hurdle. The system actually works in favour of small parties like the Free Democrats, which have only rarely managed to win seats in directly elected constituencies.

This system allows the German citizen to split his vote. He can, for example, choose a local candidate for the Christian Democrats (because he likes the colour of his eyes, for example) while the Social Democrats or Free Democrats will win his second vote. In this election campaign, the parties' problem has been to convince the electorate that the "second vote" is the more important—it is indirectly the vote which decides whether Chancellor Helmut Schmidt stays in power or whether Herr Strauss displaces him. The Free Democrats, who depend entirely on second votes, have been campaigning particularly strenuously on this point. They hope that traditional Christian Democrat voters who dislike Herr Strauss will cast their first vote for the Christian Democrats and the second for the Free Democrats.



The parties are aware that even small fluctuations in the second vote can have considerable impact on the final complexion of the Bundestag. However, it may be deceptive to battle explicitly for the second votes—in fact, polls show that 93 per cent of Germans gave both votes to the same party.

● Parties must win 5 per cent of the vote to be represented in Parliament. In 1930, the Reichstag contained deputies from nine parties, none of whom had obtained even 5 per cent of the total vote. All the parties had a say in forming the new government, which made government almost unworkable. After the war, it was thus stipulated that a party should gain at least 5 per cent of the vote if it were to gain parliamentary representation. This has achieved its objective. Since 1961, power has been concentrated among the three main parties—the Social Democrats, the Christian Democrats and the Free Democrats.

Extremist parties — the German Communist Party and the German National Party (NPD) have failed to win seats, although the NPD came close in 1969, with 4.5 per cent of the vote. Smaller parties naturally complain that this discriminates against them. Transforming a relatively popular movement—such as the ecology movement—into a parliamentary presence is extremely difficult. The amount of party infrastructure, funds and television coverage needed to capture 5 per cent of the national vote is enough to defeat most small parties. At the State parliament level, where campaigning can be relatively inexpensive, it has been possible for such parties as the anti-nuclear Greens, the Ecology Party, to gain seats. This raised the prospect earlier this year that the Greens could win 5 per cent of the national vote and disrupt the party balance—perhaps even paving the way for a Christian Democrat victory. Even the Greens now admit this prospect is remote.

A remarkable feature in West Germany is the high turnout of voters. Indeed, this has allowed the system to work as effectively as it has. The past three elections have seen voter turnout of around 90 per cent—unthinkable in most other Western countries. Some 43m Germans, from a population of 60m, are entitled to vote. The poorest turnout has traditionally been among young voters, who have 3.6m votes this year.

THE MAIN PARTIES—THE ORIENTATION AND SUPPORT

● Christian Democratic Union (CDU), the strongest party in the current Parliament. Founded 1945, at a federal level (excluding Bavaria), it was set up as the successor for the pre-War Zentrum party, which represented mainly conservative Catholics. Much of the CDU support still comes from the Catholic vote but the party has broadened its political base to include other denominations. Opinion polls also show that small businessmen, a great deal of big business, conservative trade unionists and a large proportion of old-age pensioners are among the traditional Christian Democrat voting population.

● Christian Social Union (CSU). Founded 1945, in Bavaria, and puts up candidates there only. CDU and CSU join forces for elections and have a joint parliamentary party in the Bundestag. The prospect of a split should the opposition lose the general election has been ruled out by both parties but some uncertainty still remains.

● Social Democratic Party (SPD). The recreation of the mainly labour-orientated party of the same name that was outlawed by Hitler. In 1959, it redefined its aims, watered down its socialism and moved to capture part of the middle ground. Even so, its first chance of power came only in 1966, when it formed a grand coalition with the CDU-CSU.

● Free Democratic Party (FDP), effectively West Germany's Liberal party, though there is a distinct left wing (symbolised by Herr Gerhart Baum, the Federal Interior Minister) and a right wing (such as Count Otto Lambsdorf, the Federal Economics Minister). The same applies, of course, to the SPD and, to a lesser extent, the conservative CDU-CSU parties.

Swing to Left could unseat Sa Carneiro

BY ROBERT GRAHAM AND JIMMY BURNS IN LISBON

PORTUGAL'S three-week-long general election campaign ends today with a series of big rallies throughout the country. The last few hectic days of campaigning before Sunday's vote have done little to dispel doubts about the ability of Sr. Francisco Sa Carneiro's centre right Democratic Alliance to retain an absolute parliamentary majority.

Two Lisbon judges have begun hearing evidence in separate court actions brought by Prime Minister Francisco Sa Carneiro following left-wing allegations about his financial affairs. In a nationwide television broadcast earlier in the year Sr Sa Carneiro said his financial dealings had been "within strictly legal and proper limits." He claimed that Communists and Socialists alike were seeking to bring down his government with the charges. AP reports from Lisbon. "It's only a question now of waiting for those who have slandered me to be punished by the courts," he said.

He has insisted throughout the campaign that he would only form a government if he obtained such a majority. Portuguese law forbids the publication of public opinion polls during the election campaign. However, soundings carried out by the Alliance confirm that Sr. Sa Carneiro's position is threatened by a swing to the Socialist and Republican Front (FRS), led by Sr. Mario Soarez, a former Prime Minister.

In last December's elections, the Socialists suffered an 8 per cent drop in voters' support. Since then, the Socialists have worked hard at their image and have joined hands in the election with a loose grouping of Social Democrats and Marxists. They are now confident of raising their 27 per cent share of the vote, primarily at Communist expense.

Sr. Sa Carneiro's ruling coalition has a majority of six in the 250-seat Parliament. This was obtained with 45 per cent of the vote in December. The Prime Minister is fighting to hold on to this by defending his 10-month record in office. The Government claims to have cut inflation substantially—from 25 per cent to 19 per cent.

These issues have been overshadowed, however, by an increasingly bitter mud-slinging campaign. Sr. Sa Carneiro has been sharply attacked personally both for his financial dealings and for his open association with a Danish divorcee.

Norway ship subsidies criticised

By Fay Gjester in Oslo

IT IS "demoralising" to work in an indsutry which owes its continued existence to Government subsidies. This is the view of Mr. Gustav Heiberg Simonsen, retiring head of Aker, Norway's largest shipbuilding and offshore fabricating concern.

Addressing a productivity conference in Oslo, Mr. Simonsen said that selective support for industry might be justified from time to time, but it should not become the general rule. Norway currently had 10,000-13,000 people employed building new ships.

"If this industry is to survive for 10 more years, it will have to be subsidised—with a few exceptions—until New Year's Eve 1989. We must make plans to produce something else," he said. "Full employment is an admirable aim, but it cannot be pursued regardless of cost. Working in a subsidised company affects the dignity of the individual."

OVERSEAS NEWS

Iran MPs rule out hostage talks

BY OUR FOREIGN STAFF

THE GULF WAR

THE MOST militantly anti-American faction in the Iranian Parliament won a resounding victory yesterday when deputies voted overwhelmingly against any negotiations with the U.S. directly or through a third party.

Any signs of moderation by the Parliament have been ended by the Iraqi attacks which are believed in Tehran to be instigated by the U.S.

Opinion in Washington has veered between suggestions that the threat to the Straits of Hormuz and Western oil supplies is serious enough to warrant consideration of full-scale military intervention and the hope that Iraq's war with Iran will remain a limited conflict which will not damage the slender chance of compromise on the hostage issue.

In his opening remarks at the start of the debate on the setting up of the special committee to consider the hostage question, the Speaker of the Iranian Parliament, Hojatolislam Ali Akbar Hashemi Rafsanjani, put two motions on the holding of talks with the U.S. to the vote. From the chair he first asked: "Will all those in favour of holding direct talks with the Americans please stand up." Not a single deputy rose.

The Speaker then asked: "Will all those in favour of holding indirect (through a third party) talks with the U.S. please stand up." In answer about a dozen deputies, including the former Prime Minister, Dr. Mehdi Bazargan, rose, only to be overwhelmingly defeated by the rest of the Assembly.

With the question of contact with the U.S. out of the way the Parliament proceeded to nominate members for a special committee of seven deputies to consider the fate of the 52 hostages. Forty candidates were put forward. In the voting, however, it was clear that the most militantly anti-American faction had scored a resounding victory.

Leading the list of those elected was Hojatolislam Moussavi Kho'ini, the confidant of the militant students who have held the hostages since last November.

Also among those elected was Hojatolislam Mohammad Ali Khamenie, the Friday prayer leader of Tehran, and Ali Akbar Parvaresh, the deputy Speaker of Parliament. Of the seven, five are clergymen and at least the same number are members of the central committee of the fundamentalist Islamic Republican Party.

In Tehran yesterday Iranian and Japanese officials of the Iran-Japan Petrochemicals Company, which is currently constructing the Bandar Khomeini complex, denied that there were any plans to evacuate the 700 Japanese experts and workers from the site in Khuzestan. The plant is situated some 80 miles east of Abadan, scene of some of the heaviest fighting in the current war.

Company officials confirmed reports of an attack on the site three days ago but said that only some uncompleted chemical storage units had been hit by the three Iraqi MiGs involved. As for the Japanese these were said to be living in a special residential complex some 12 miles from the site and were not thought to be in any immediate danger. Work on the site, which only recently restarted following interruptions after the revolution, has been stopped for security reasons.

On the battlefront in the South-east a final military effort by the Iaqis is expected according to diplomats in Tehran. Over the last week the Iraqi assault has run into stubborn resistance from Revolutionary Guards, soldiers and local committees which has frustrated efforts to occupy any significant Iranian city for the past week.

The armed forces joint command yesterday called over the state radio for the people of Khuzestan to be "prepared to fight for their homeland . . . if necessary with their bare hands and teeth."

Damascus seeks closer ties with Moscow

BY ROGER MATTHEWS

SYRIA is expected to seek further military supplies and perhaps to sign a treaty of friendship and co-operation with the Soviet Union when President Hafez al-Assad visits Moscow within the next week.

The Syrian move is explained in Damascus as a reaction to what is considered to be a U.S. attempt to encircle those Arab regimes most militantly opposed to the peace treaty between Israel and Egypt.

The war between Iraq and Iran is seen as a complementary to the acquisition by the U.S. of military facilities in several Arab countries and the military coup in Turkey.

Mr. Mohammed Haydar, a senior member of the ruling Ba'ath Party in Syria, said yesterday that the Gulf war was aimed at bringing Iran back into "the imperialist camp" and thereby increasing pressure on Arab countries.

Implicit in Syria's attitude is the feeling that the Gulf war has harmed the primary objective of the Arab world—that is the return of land occupied by Israel and a just solution to the Palestinian issue.

For this the Syrians partly blame President Saddam Hussein of Iraq, a man with whom only a year ago Damascus was discussing the possibility of full union between the two countries.

The bitterness of Syria against Iraq is matched only by its increased suspicion of U.S. intentions. Mr. Ahmed Iskander Ahmed, the Syrian Information Minister, stressed last week that the increased American presence in the Arab world demanded a Soviet presence to counter-balance it.

This was the clearest indication to date that Syria might be willing to allow Soviet forces to be based on its soil.

Syrian officials emphasise that the decision to allow Iraq to re-open its oil pipeline across Syrian territory to Tripoli in northern Lebanon should be seen as a conciliatory gesture taken to limit American concern about oil supplies from the Gulf.

Anxiety among Arab states about the danger of precipitate American military action in the Gulf increased sharply following the U.S. decision to send advanced radar and communications aircraft to Saudi Arabia.

Additionally Syria is acutely worried that in its present isolated diplomatic position, coupled with its military involvement in neighbouring Lebanon, it could be vulnerable to Israeli provocation.

Syrian officials are known to fear that the combination of the Gulf war, the American presidential elections, and the divisions in the Arab world, could tempt Israel's military leaders to urge a decisive action in southern Lebanon or one that would be bound to draw a response from Damascus.

Bani-Sadr claims successful counter-attack

BY OUR FOREIGN STAFF

PRESIDENT Abol Hassan Bani-Sadr of Iran said yesterday that air force and airborne troops had started a counter-attack against Iraqi forces near the beseiged city of Khorramshahr on the Shatt al-Arab waterway between the two countries.

The President's speech, monitored in Vienna, said that fleeing Iraqi personnel left behind 150 tanks and personnel carriers.

Earlier Iraq said its commando troops were locked in hand-to-hand combat with Iran's Islamic Revolutionary Guards in a fresh assault on Khorramshahr.

Iraqi forces appear to be meeting increasing difficulties in their offensive across the Shatt al-Arab and the President's speech appears to signal a counter-offensive by Iran.

Iraq claimed yesterday to have inflicted heavy casualties on Iranian forces trying to recover occupied territory.

Mr. Saadoun Hammadi, Iraq's Foreign Minister, said in a Press statement yesterday that he expected Iran to yield to pressure and agree to stop the fighting with Iraq.

Iran has ordered its ambassador in Moscow, Mr. Mohammad Mokri, to return to Tehran after he had purported to give the Government's terms for a ceasefire with Iraq. Iraq has proposed a three-day ceasefire from Sunday during which time Iraqi forces would be instructed to engage the other side only if attacked.

One of the main worries of both the western industrialised nations and the Gulf kingdoms has been the possible spread of the war to the Strait of Hormuz at the southern end of the Gulf.

Iran has imposed a blockade on ships heading for Iraq and there are increasing indications of an Iraqi military build-up to seize three small islands at the mouth of the Gulf that were taken over by Iran in 1971.

Shipping officials in the United Arab Emirate of Ras al-Khaimah said yesterday that Iran had stepped up military activity around two of the islands, the Greater and Lesser Tumbs. The officials said an Iranian warship was standing by the islands and some helicopter flights had been monitored on radar.

Ihsan Hijazi reports from Beirut: The Iraqi and Iranian embassies in the Lebanese capital were attacked by rockets yesterday and extensive damage was inflicted on both buildings. There were no reports of casualties.

Guards at the two embassies, which are at walking-distance from each other, exchanged fire briefly.

The Iranian embassy accused pro-Iraqi Palestinian guerrillas of responsibility for the attack on the premises.

Moscow continues Iraq arms supplies

By Simon Henderson in Bahrain

THE SOVIET UNION has been continuing its normal re-supply of military equipment for Iraq, since the war with Iran began, according to Western diplomats in Bahrain. Moscow is believed to have refused to stage any larger emergency supplies operation.

How the re-supply has been carried out is not clear since the Iraqi ports of Basra and Umm Qasra have become regular targets for Iranian artillery and air attacks. But the fact that replacements are being made must affect previous assessments of Iraqi strength and could eventually give Baghdad's forces the edge over the Iranian.

At least one Soviet freighter is reported to have reached Iraq in the first few days of the war. Soviet ships could unload equipment at either Kuwait or Aqaba in Jordon for road transport to Iraq.

The pledge for continuity of normal military supplies is believed to have come out of discussions held in Moscow last week with the visiting Iraqi Deputy Prime Minister, Tariq Aziz. Last week the Soviet Union made clear to Iran that it could not be expected to renege on its treaty commitments to Iraq.

Iraq's armed forces are predominantly Soviet-equipped. Except for some French helicopters and tanks and obsolescent British fighters and helicopters, all Iraqi tanks, artillery, naval ships and aircraft are Soviet-made. Although losses in the war so far are believed to be significant, any flow of spares and ammunition would help restore damaged or broken-down aircraft to service.

Western diplomats believe some spare parts have also been reaching Iran. They note that spares for such Iranian-operated aircraft as the U.S. made Phantom F-4 and F-5 are available on the open market and could get through independently of any wish of the U.S. not to become involved. Similarly some Soviet spares could also be obtained by Iraq from other Soviet-supplied countries without Moscow's interference.

Meanwhile in Iran, 252 Italian construction workers and their families have been evacuated from Bandar Abbas where they were working on a port extension and a power plant. They said the major Iranian naval base at the port, which dominates the strategic Strait of Hormuz, had not been affected by the fighting.

Their departure was a precautionary measure and about 100 people had stayed behind to do maintenance work. The Bandar Abbas projects were two of the biggest development contracts still continuing in Iran.

5% growth rate forecast for South Africa

By Bernard Simon in Johannesburg

SOUTH AFRICA'S growth rate in 1981 is expected to exceed 5 per cent in real terms, according to two influential economic forecasts released yesterday. Both forecasts predict real growth of close to 7 per cent this year.

Standard Bank, the country's second largest bank, said that growing labour and production bottlenecks and more cautious fiscal and monetary policies point to "some slowing from current high levels of growth during the second half of 1981." Nonetheless, the bank's forecast of a 5.4 per cent increase in real gross domestic product next year exceeds the average growth rate of the past decade.

The second forecast, compiled by the Stellenbosch Bureau for Economic Research, said that the downturn next year is expected to be mild, although the growth rate is likely to fall further during 1981.

Hua undermined by Press attacks

BY COLINA MACDOUGALL

CHINA'S Communist Party chairman, Hua Guofeng, who resigned his tenure of the premiership at the recent National People's Congress in Peking, is rapidly sliding down the scale of credibility as China's top leader. Even some officials now say he may lose the vital post of chairman at the party congress next January.

A series of events in the last two weeks suggests that the pragmatic group in the leadership headed by Deng Xiaoping is swiftly undermining his position and may intend to use the forthcoming trial of the Gang of Four to smear him even further.

Hua was Chairman Mao's personal choice as successor and while he was not publicly associated with the Gang, his connections with Mao and his family in Hunan Province were strong. Hua jumped from provincial officialdom to top leader as a result of the Cultural Revolution and particularly benefited from the 1976 disgrace of Deng, now China's most influential figure.

He also held the key post of Public Security Minister during 1972-76, the period when the Gang mainly dominated affairs and many of China's moderate leaders were in jail.

Articles in the Chinese Press since the People's Congress have cut deeply into Hua's position. The first, in the People's Daily two weeks ago, questioned the "feudal" system of appointing successors as Mao did, attacked the idea of "life-time tenure" and the tendency to give "extreme prominence" to one leader, as in Mao's case. On the same day, a Shanghai paper condemned a building in a suburb commemorating a visit by Chairman Hua.

Hua Guofeng: charge of incompetence

Still more threatening, the People's Daily indicated how Hua could be disposed at the party congress. In contrast to Mao's nomination, it said, the leader should only be decided by a "democratic process." This would give the forthcoming congress the opportunity to "elect" someone else.

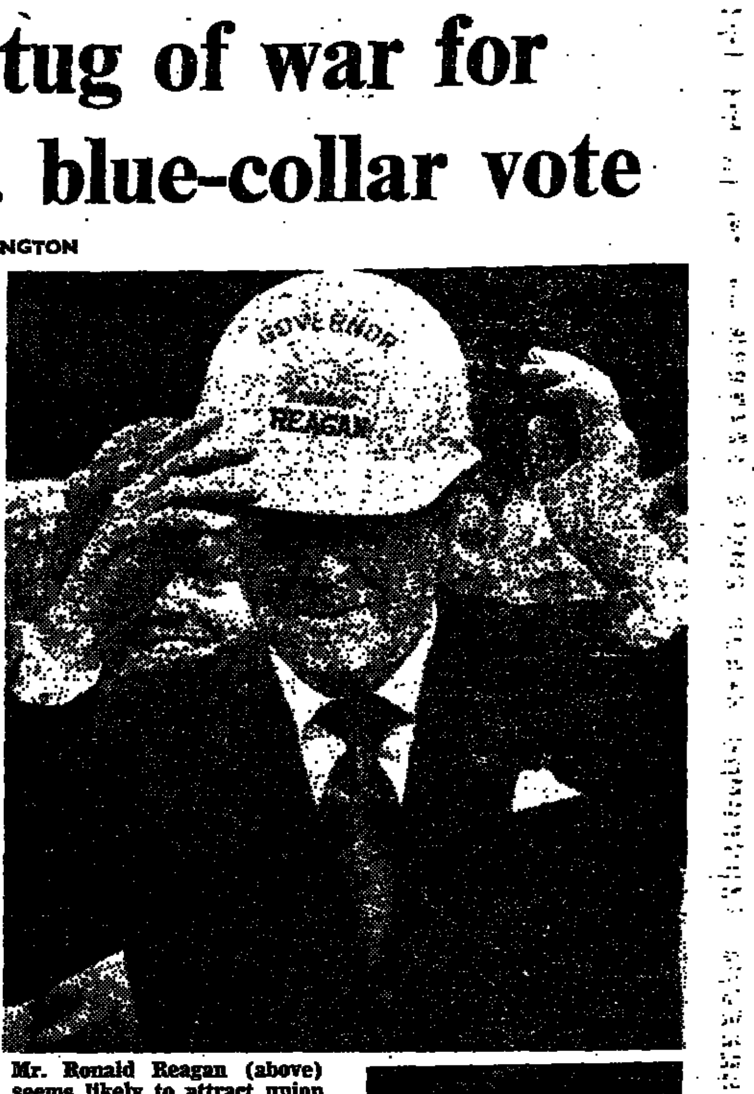
Preparing the ground with this manoeuvre, the People's Daily pointed out that "those who are incompetent will have to step down." On Hua's record of rash planning in 1978, which he virtually admitted in his report to the People's Congress last month, it would be easy to make a case for incompetence.

Hua's incompetence and possibly even crimes are strongly implied in a second article published recently in the Guangming daily. This alleged that a radio repair man, who had been wrongfully charged with being a counter-revolutionary when he tried to expose officially inflated agricutural claims for his home area, wrote nine letters to Hua, pointing out official misdeeds. Hua never replied and the repairman was sentenced to 18 years in prison and was so badly beaten that he was paralysed.

AMERICAN NEWS

Uneven tug of war for the U.S. blue-collar vote

BY DAVID BUCHAN IN WASHINGTON



Mr. Ronald Reagan (above) seems likely to attract union members' votes, although organised labour, headed by Mr. Lane Kirkland (right) is backing the President.

A FORMER union leader is running for the White House against an incumbent whom the late Mr. George Meaney, of hallowed union memory, called the "worst President since Herbert Hoover." So, which man is getting most of organised labour's support? President Jimmy Carter.

The riddle is quickly solved. Mr. Ronald Reagan's stewardship years ago of the Screen Actors' Guild does not count for much among most union leaders, who feel a Reagan presidency in the 1980s would place business interests above theirs. In Mr. Meany's place as president of the AFL-CIO trade union federation now stands Mr. Lane Kirkland, who has in the past year struck up a close relationship with the Carter White House. And, in the last resort, U.S. union leaders (although not necessarily) cannot break the Democratic habit.

But even though the two main candidates tug of war for union and blue-collar votes is an uneven match, it is still fierce. A Democrat simply cannot afford to split the blue-collar vote equally with a Republican opponent. Four years ago, Mr. Carter only squeaked home to victory, although he won around 70 per cent of the union vote.

Those votes are concentrated in big industrial states, the key to success on November 4 because they are the most populous. U.S. unions have seen their political power somewhat weakened in recent years, partly because their membership has stagnated, but they are still big electoral spenders and organisers. The AFL-CIO and its 100-odd affiliated unions spent over $10m in congressional races two years ago, and always put on a stronger show in a presidential year.

Unions proselytise their members (internal propaganda can be paid for out of union dues), preach their views to the general public (voluntary contributions must be used to finance this), and conduct drives to get their members registered and turned out to vote on the first Tuesday in November.

The surprising thing is how well Mr. Reagan has done up to now—nearly a quarter of union members back him, according to the AFL-CIO's own polls. "That is very high for a conservative Republican candidate," Mr. Tom Donahue, the union federation's number two man, ruefully notes.

With jobs ever the unions' main concern, Mr. Reagan's trump is unemployment, and he has played it well, choosing the three hardest-hit sectors—cars, steel and construction—to woo the disaffected and laid-off. Nominated in Detroit, he has paid repeated campaign trips to the motor capital in the weeks since. Tilling fertile electoral ground in the steel industry, where unemployment is still not far under 20 per cent, Mr. Reagan called for a return of trigger prices on imported steel several weeks before Mr. Carter re-imposed them this week, while he has always been popular with the conservative hard hats on the country's building sites.

But it is a hard task for Mr. Reagan, whose campaign team has just organised a 10-day publicity blitz to convince union members that the Republican candidate is not, after all, in favour of repealing many federal work safety rules, does not favour a national right-to-work law banning the closed shop (such laws exist in 20 states), and would not change high wage rates for federal building projects.

Mr. Reagan has just hired Mr. Mike Belzano, a union specialist who served in the Nixon and Ford Administrations and who says his job is to persuade unionists that Mr. Reagan would be no more anti-union than those presidents.

The road ahead of Mr. Reagan is, however, made more difficult by his opposition to, and Mr. Carter's support of, two pet union projects: a change in the 1936 Wagner Act to make it easier for union organisers to force firms to hold representational elections, and "common site" picketing which would allow one striking union on a construction site to close it down (as a single union can shut down an industrial plant).

U.S. unions, dismayed that their membership now includes only 20 per cent of the work force, compared with a third a generation ago, see a way of stemming their decline in these legal changes.

Despite Republican inroads among the rank and file, Mr. Carter has their leaders' endorsements — that of the AFL-CIO itself and all its major constituent unions, except the Machinists, whose leader, Mr. William Winpisinger, backed Senator Edward Kennedy to the end and said he could not reconcile himself to Mr. Carter, and the Federal Government Employees, who felt Mr. Carter was too stingy a boss. The only union leadership with any overt sympathy for Mr. Reagan is the Teamsters, the country's largest and most conservative union, which is also outside the AFL-CIO fold.

Mr. Donahue is confident that support for Mr. Reagan is the traditional protest, made sharper this summer by recession, which will wither as the economy slowly begins to pick up and union members face the autumn ballot box. He cites the fact that, in 1968, polls showed that union members were strongly drawn to Mr. George Wallace, but in the end returned to the Democratic camp. This year's independent runner, Mr. John Anderson, has no serious appeal to blue-collar voters, but rather to "the Chablis and Brie set" of the suburbs.

Enthusiasm

But the unions' enthusiasm for doing battle for Mr. Carter is highly questionable. This is important, as Mr. George McGovern found to his cost in 1972, for a keen showing by organised labour can boost a Democratic candidate's national showing by an extra 3 to 5 per cent.

Yet the AFL-CIO hierarchy feels it has reason to put its money on Mr. Carter, with whom it entered a "national accord" on economic policy a year ago. The unions were to co-operate in Mr. Carter's shaky voluntary incomes policy. In return, the Administration was supposed to meet labour's concern on jobs, imports, and wider economic policy.

Mr. Carter never fully kept his side of the bargain. When recession hit, he refused to undertake the job creation programmes espoused by Senator Edward Kennedy and urged by the unions. In fact, Mr. Donahue admits that, but for the election and the threat of a President Reagan, the AFL-CIO might well have broken off the deal.

As it turned out, labour stayed remarkably loyal to Mr. Carter, in deed as well as word. Wage settlements in the first half of 1980 were at a level of 8.5 per cent (excluding cost of living extras), compared with 7.4 per cent in 1979, a modest increase given the price surge earlier this year.

What it did get was a private pledge by the Administration to drop all talk of sanctions (denial of federal contracts) against firms paying workers above the pay guideline. The guideline was also softened, further in deference to the unions.

The longer-term benefit of the "accord," in the AFL-CIO view, was to give labour an official entree into White House decision-making, despite the incontestable fact that its views were as often ignored as accepted. For all the talk about Mr. Reagan being strongly anti-union, Mr. Donahue is convinced a President Reagan would not want to treat labour any less seriously.

The AFL-CIO in wanting to build on its new-found relationship with government, has had a key White House ally in Mr. Stuart Eizenstat, Mr. Carter's top domestic adviser and a proponent of "tripartism" — committees of government, labour and business—which, he believes, is an answer to German and Japanese success.

Mr. Eizenstat's views have not gone unopposed in the White House. But tripartite committees have been set up for the car and steel industries, and, most recently, there is the Economic Revitalisation Board, which has no government representation but is co-chaired by Mr. Kirkland and Mr. Irving Shapiro of Dupont

Abu Taleb's vision of restoring the glory of Alexandria

BY ALAN MACKIE IN CAIRO

THE CRUSH in Alexandria has eased with the onset of autumn and the start of the new school year. The 2m Cairenes who swell the city each summer to twice its normal size have taken back happy memories of being packed shoulder to shoulder on Alexandria's 18 kilometres of beaches and of strolling in the sluggish human currents which each evening block the Corniche and surge through Ramleh and Saad Zaghloul Square.

It is a far cry from that blend of Levantine sophistication and free port which made Alexandria, a spit of land bordered by salt lakes and the sea, the setting for Lawrence Durrell's Quartet.

Now Alexandria, although constrained by its setting from expanding, is visibly part of Egypt, although the pre-war city is still there. Very little has been done to it in the past 40 years. A few double-decker trams, built in Glasgow at the turn of the century, still run, but are being eased into the scrapyard by aid-financed Japanese replacements.

The Cecil Hotel, an imperial throwback, still exists, complete with rock nightclub, as does Pastroudis patisserie and erstwhile meeting place of society (now doing takeaway food), and the gaunt windows of the Greek cafes which line the promenade still evoke the city of Cavafy the Greek poet.

For all that, the 'pearl of the Mediterranean," as the official guide books like to describe Alexandria, is in need of a face lift, and the new governor, Dr. Naim Abu Taleb, a professor of computerology at the local university, has visionary plans to restore the city to some of its former glory.

He has some things going for him. To begin with, 40 per cent of Egypt's industry is in the hinterland, and with 90 per cent of the country's trade passing through the port, Alexandria remains the gateway to Egypt.

Proximity to it remains an advantage, while at Al-Amreya, at the western end of the salt lake of Mareotis, where industrial development is taking place, the desert road gives quick access to Cairo. Although skilled labour can be hard to find, Alexandria until recently had the advantages of a tolerable telephone system and utilities which generally were not too overstrained.

In addition, land can cost a quarter the price it does in Cairo, notwithstanding problems with deed of title against Bedouin land rights.

For an uninterrupted hour (a rare privilege), Dr. Abu Taleb enlarged on his ideas.

He has already set up a Maritime Commerce Bank, whose first task is to buy bulk carriers to transport the 6.5m tons a year of grain and other food which Egypt imports in other people's ships. The $30m capital was more than three times oversubscribed by local companies and individuals, he said. The next step is to set up a shipping services company to help to break the state monopoly in the port, followed by a company to import and manufacture building materials. This, he hopes, will eventually control the import and distribution of all building materials in Egypt. A second company will import and distribute building equipment. Stock will be stored in the free zones—the Alexandria Port Authority has just acquired a 50-acre site at Al-Amreya free zone to take its overload.

He will also be looking for four or five joint venture construction companies for the city's ambitious housing projects, and to build four or five hotels. A Sheraton is about to open in Alexandria at Al-Montaza, west of the city centre.

One of his more controversial ideas is to change Alexandria into "an international financial centre" to match the Beirut of four years ago, cashing in on Cairo's inability to provide adequate international communications. But the scheme depends on a proposed submarine cable linking Alexandria and Greece, due to go out to tender next month, providing instant access to the outside world within the next 18 months to two years. It also depends on doing something to resuscitate the disintegrating city telephone system — a much easier proposition than renovating the Cairo telephone network.

There are parallel plans to reopen international flights to Athens and provide a commuter link with Cairo. But these are dogged by uncertainty over how far to develop the old Al-Nouzah airport in place of a completely new airport at Al-Amreya.

Solid projects for which finance has been found are a port development programme due for completion in 1982, a 45m-tonnes-a-year port at Dikheila, west of the existing port, for which the World Bank has just provided funds for a feasibility study, and an adjacent sponge iron plant being financed by Japan and the World Bank.

More visionary projects include a plan for an underground railway, a ring road round the port, a $400m toll road to Cairo and a plan to fill the Mahmoudia Canal to make a shopping area. There was no time to ask where the cash for these last projects, which would run to billions of dollars, would be found, for the doors flew open and the governor was overwhelmed by a throng of parliamentarians up from Cairo for a committee meeting.

Some foreign enterprises have been convinced by Alexandria's potential, notably, if belatedly, the banks. Wilkinson Sword, Union Carbide and Palmolive have actually set up shop, invariably without telephones and with little hope of getting any for the foreseeable future, and sometimes without power or water. Michelin, Volkswagen and Warner Lambert have either bought land for plants or are looking for it. On the whole they are happy. Their problems are less with Alexandria than with the Cairo bureaucracy, and all recognise that the new governor has the personality to exercise his considerable powers under the new policy of decentralisation.

The city's fish market: little change through the years.

But many will need convincing that "this time it is different." Some endemic problems, like congestion at the port, have not been solved. After clearing the backlog last year, waiting times are creeping up again, partly because the port is now handling over four times its 5m-ton-a-year design capacity.

Some wonder also whether the new governor might not already be overextending his limited human resources in attacking so fast on all fronts. Nevertheless, in the four months he has been in office, Dr. Abu Taleb has put Alexandria back on the map and investors will look more seriously at Alexandria in the

AMERICAN NEWS

Brazil lifts petrol price 18.4% amid supply fears

By Hugh O'Shaughnessy in Brasilia

PETROL PRICES are to rise by 18.4 per cent in Brazil today as the country faces the possibility of a crisis in oil supplies from Iraq, the source of nearly half its imported fuel.

Petrol will now cost 45 cruzeiros a litre (nearly 86p a gallon). Fuel oil prices will rise by 20 per cent. Rationing is not being contemplated for the moment.

Further increases in prices of oil products could come before the end of the year, according to General Oziel Almeida Costa, Head of the National Petroleum Council.

Announcing the measures, Vice-President Aureliano Chavas, head of the National Energy Council, appealed to the "good sense of the people" to economise on fuel to the maximum. Petrol stations are already closed on Saturday and Sunday to limit weekend motoring.

The decision to raise prices rather than ration immediately comes after a week in which the Government has been torn between the alternatives. The price rises will add another twist to the already fierce inflationary spiral, but rationing presents vast organisational difficulties in this country of 120m people.

The official inflation figure for the past 12 months is hovering around 110 per cent although many observers thing that the real rate is nearer 125 per cent.

Vice-President Chavas announced that Brazil had had "reasonable success" in obtaining crude oil from suppliers other than Iraq, obtaining some 100,000 barrels a day from Indonesia and Gabon.

Although the Government has done its best to dampen alarm about Brazil's dependence on Iraq, which provides 43 per cent of oil imports and 35 per cent of total oil consumption, Sr. Reinaldo de Ramos, the Prefect of Sao Paulo, said that without adequate fuel supplies life in the city would collapse.

The Government is meanwhile pursuing alternative plans to increase rail freight by up to 30 per cent by making some lorries ride on rail trucks.

Banks compete for the world's best customer

BY NICHOLAS COLCHESTER IN WASHINGTON

FOR THE many bankers who attended, the International Monetary Fund's annual meeting is a trade fair—with the unique difference that it is the customers who have the stalls. Currently these customers tend to be countries with an oil-induced appetite for foreign exchange. Their representatives sit in smoke-filled hotel suites where harassed secretaries try to squeeze in appointments for bankers anxious to provide them with finance.

This year the IMF's newest attraction is the stall manned by the three men who look after the finances of the IMF itself. They are Mr. Walter Habermeier, Treasurer and Mr. Robert Familton and Mr. David Williams, Deputy Treasurers. Previously these men were of only academic interest to bankers, but since the first whisper of a chance that the IMF might itself turn to the international capital market for funds, the trio have been transformed into arch-clients. They represent an appetising prospect—perfect creditworthiness, major financings and a need for ingenious new methods of borrowing.

In tantalising manner, this annual meeting has both reinforced this prospect and pushed it further away because the policy-making Interim Committee of the Fund has made it clear that market borrowing remains very much a last resort.

There is broad agreement among the industralised countries that the IMF should exhaust its traditional means of financing — quotas and bilateral borrowing arrangements — before turning to the markets.

The IMF is currently borrowing considerably less in relation to its quotas than it has borrowed in the past. In 1962 when it took its first major steps into borrowing, with the General Arrangements to Borrow from its richer members, it boosted the borrowed funds available to it by up to 30 per cent of its quotas.

The Oil Facility in the mid 1970s restored its credit lines to the same proportion. Today the Fund has credit lines totalling SDR 7bn (£3.8bn) compared with quotas which will rise to SDR 60bn imminently. So the way is clear for the Fund to borrow about SDR 14bn more without breaking radically new ground.

The bulk of this money will be raised through direct deals with member governments who are in payment surplus—in practice, oil producing countries. Such borrowing is preferable because it keeps the IMF's financing within the membership of the IMF "co-operative" and does less to warp the nature of the IMF away from that of a co-operative and towards that of a bank.

The IMF is empowered to hold very little in the way of cash reserves: it draws from one member and passes money on to another. This is another reason why bilateral deals are preferable to market borrowing. The Fund effectively arranges a standby facility without charge when it borrows — from a member. That member bears the uncertainty over when the money is to be drawn or paid back by the borrowing member. Borrowing from the market would immediately involve the fund in the bank-like business of cash management.

When and if it turns to the market, the IMF will borrow SDRs — a recently slimmed down basket of five currencies consisting of the French franc, the U.S. dollar, the pound sterling, the Deutsche Mark and the yen. The IMF will probably start by issuing short-term notes of between six months and three years maturity and in a spectrum of maturities to help with the cash management problem. The notes would carry the full commercial rate for a top credit derived from the proportions of the five currencies in the SDR. Currently this would suggest a six months rate of around 11 per cent.

There are other possibilities, too: the Fund could receive short-term bank loans in SDRs, or take in SDR deposits directly. Nor has the Fund ruled out the possibility of borrowing directly in individual currencies and assembling the SDRs within the Fund for on-lending to members.

The banks are already coming up with ingenious solutions. Deutschebank, for instance, has suggested that it should co-ordinate borrowing in five component currencies and itself assemble SDRs for the Fund. The banks will also be watching nervously lest the Fund decide that it does not need them but will itself place its securities in a series of auctions. The Fund is known to be toying with this cost-saving idea.

There are numerous technical

The IMF World Bank Meeting

problems to be overcome. The first is the Fund's inherent problem with cash management —it cannot currently borrow large amounts today to lend at some uncertain moment in the future. So the investment bank which comes up with a financing idea having great flexibility in drawdown could well win the laurels.

The second is that the Fund cannot be touched by legal action—from a disgruntled noteholder for instance. It will thus have to decide whether it can tap the market without waiving legal immunity. A third thorny question is tax. Will the interest payable on IMF notes be taxable in member countries? And if the IMF issues a large volume of international bearer notes will it become unpopular with tax authorities, for whom such paper is an obvious avenue for tax evasion?

Then there is the question of what collateral the IMF offers. The Fund can point to a massive quota commitment. It can point to gold holdings valued at SDR 50bn at market rates. But should it pledge this gold or ask for a joint guarantee from its members, or just float notes on the strength of its reputation?

The key obstacle to the IMF's advent in the market remains the reluctance of major IMF governments to see it happen. The French are particularly worried about an erosion of the IMF's co-operative nature.

Yet this movement towards borrowing and the eager attention of these bankers are symptoms of the new reality facing the IMF. The Fund was conceived by, and is still dominated by the industrial countries, but it must now seek its finance from other, oil-rich states if it is to make a contribution to the recycling of their surpluses towards the needy. This is not something which can be achieved through the co-operative system of quota financing without a radical shift of power within the IMF.

Iranians attack U.S. over frozen assets

BY PETER RIDDELL IN WASHINGTON

THE FREEZING of Iranian Government assets by the U.S. Administration was strongly attacked here yesterday as a threat to the international monetary system by a leading Iranian banker.

Mr. E. Rashidzadeh, vice-governor of Bank Markazi of Iran, devoted most of his country's speech to the joint IMF and World Bank meetings to an attack on the U.S. and on American banks.

He argued that the U.S. action was "a dangerous weapon that affected not only those against whom it was aimed but which also had global repercussions which have resulted in undermining the world confidence in the international banking system." The Iranian Government, he said, had "at all times before and after the freeze honoured its obligations."

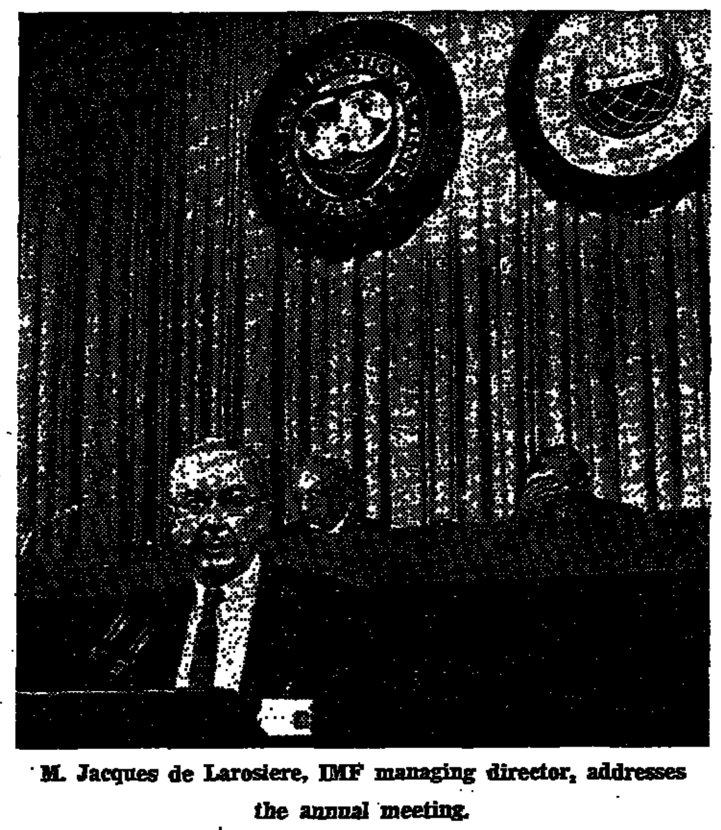
Mr. Rashidzadeh said it was a harmful development "for any country issuing an international reserve currency to deny the holders at any time the right of usage of such currencies."

In particular, he said, it was "appalling" that in some cases the overseas branches of U.S. banks based their argument for disregarding host countries' banking laws on the IMF's articles of agreement.

He criticised the executive board of the IMF for failing to give the injured member sufficient time to present his case and he deplored that "decisions and deliberations of international financial institutions should be affected by political motivations of a few influential members."

The U.S. action threatened the very foundation and purposes of the Fund since the proper functioning of the international monetary sytem, stability of the world and capital markets, safety and security and free movement of assets, were at risk.

High Court action Page 10



M. Jacques de Larosiere, IMF managing director, addresses the annual meeting.

IMF conditions 'not fair to Third World'

BY PETER RIDDELL IN WASHINGTON

THE PRESENT operations of the International Monetary Fund are inequitable for the low-income developing countries, Mr. R. H. P. Small, the Jamaican Finance Minister, argued here yesterday.

Jamaica has had a stormy relationship with the IMF over the last two years because of its inability to meet some of the performance criteria under its extended loan from the fund.

In his address to the IMF annual meeting Mr. Small said the Jamaican experience showed the "assymetry of adjustment and the problem of conditionality" as it affects developing countries. He said, however, that Jamaica would continue "to discharge its responsibilities and obligations of membership in the fund and the World Bank."

Mr. Small reviewed the history of Jamaica's relationship with the Fund and pointed out that the initial adjustment programmes had led to a fall in average real wages of 35 per cent in 1978 and a further 10 per cent in 1979. He questioned whether any of the developed countries, which are leading members of the Fund and Bank, could ever contemplate such a reduction.

Mr. Small said Jamaica's inability to fulfil some of the performance criteria was largely due to external factors, though at one stage the country was told that further adjustments should involve a 16 per cent cut in the fiscal budget, which would have amounted to J$300m (£70.37m), and include laying off 11,000 employees.

Mr. Small claimed that if the U.S. was required to make an adjustment of this relative magnitude it would need to reduce the federal budget for 1980 to 1981 by U.S.$103bn (£43.09bn) and cut back 1.7m federal and state employees.

Canada to send two Ministers to Britain

By Our Foreign Staff

MR. PIERRE TRUDEAU, the Canadian Prime Minister, is sending two Cabinet members to London next week to explain his plans to give Canada a constitution of its own in place of the British North America Act passed by the British Parliament at Westminster in 1857.

Mr. Mark MacGuigan, External Affairs Minister and Mr. John Roberts, who has a constitutional brief in addition to his portfolio for Science, Technology and the Environment, will see Mrs. Margaret Thatcher, the Prime Minister, on Monday. Britain plays a role in the matter because to this day amendments to some of the more important sections of the British North America Act require the endorsement of Westminster.

So would the transfer of responsibility for the Act from Westminster to Canada. The British Government has taken the view that a request for such a change, if it were to come from the two houses of the Canadian Parliament, would have to be accepted, since Canada is a sovereign country.

But since Mr. Trudeau has been quite unable to agree on the matter with Premiers of the ten Canadian provinces, such a request would be awkward.

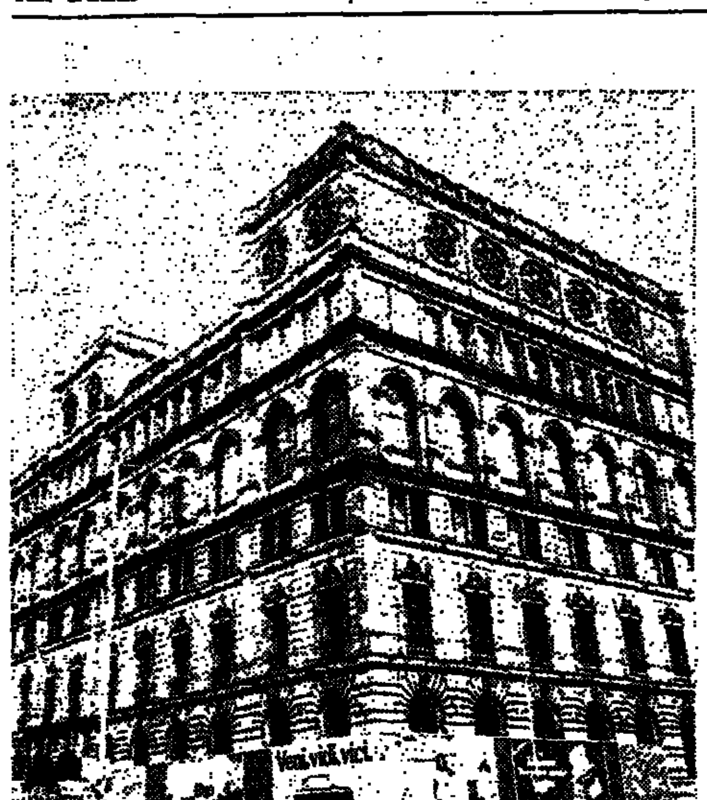
The Canadian Parliament has been called for Monday and will hear how Mr. Trudeau proposes to proceed with his intention to "patriate" the constitution, as Canadians call it. His proposals, kept secret so far, are expected to include an amending formula.

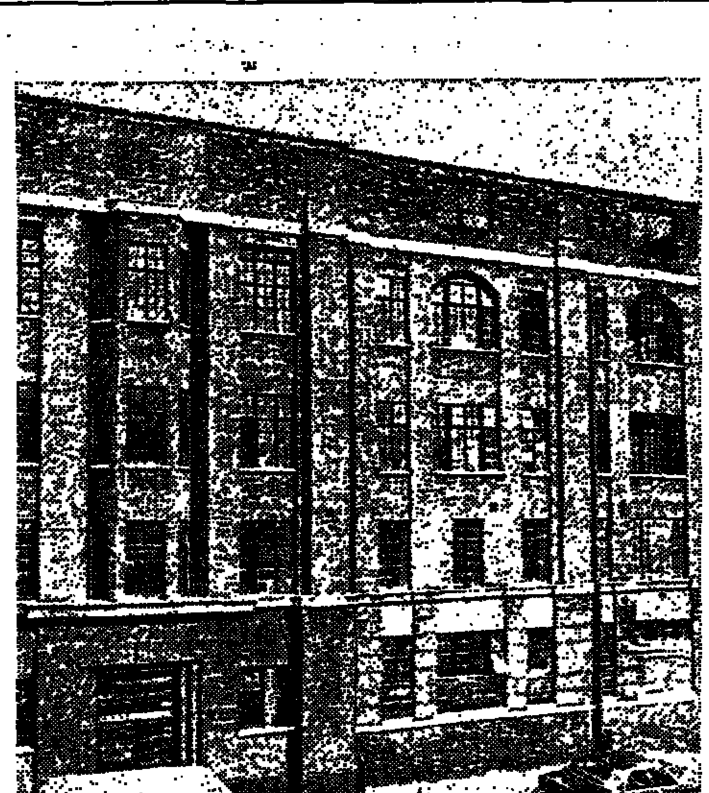
Beaufort Sea oil find

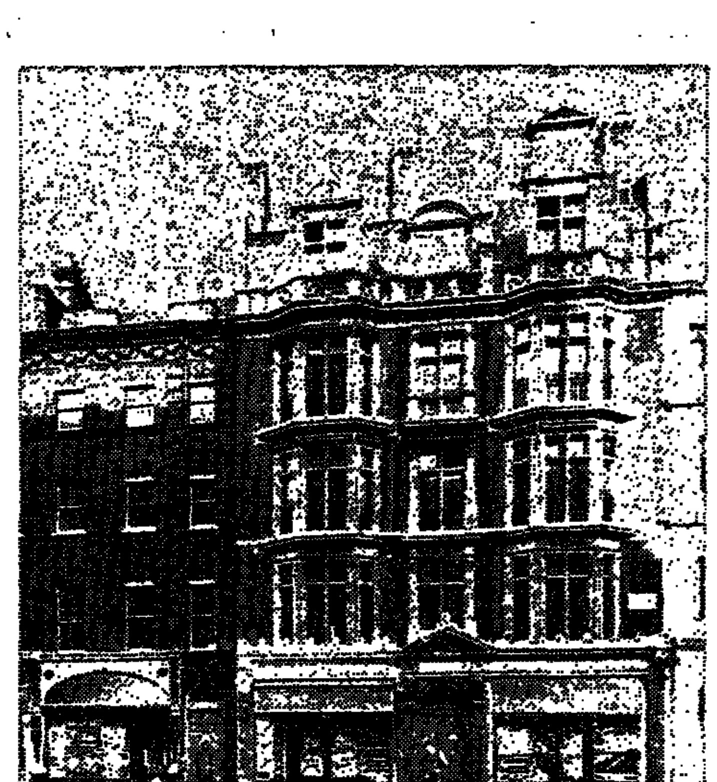
By David Lascelles in New York

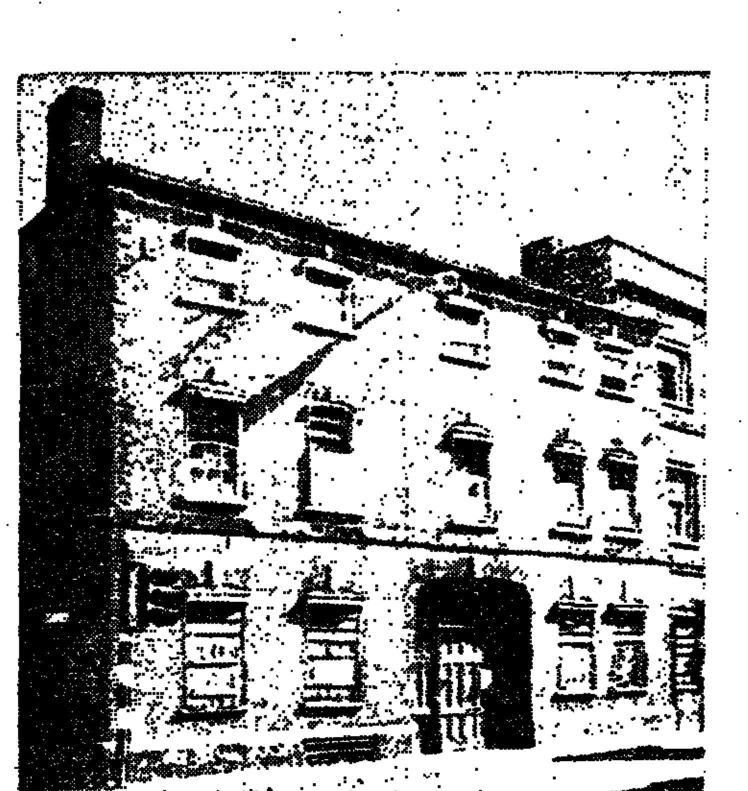
EXXON yesterday announced what a nalysts said could be an encouraging oil find in the Beaufort Sea off North Alaska. The oil company said two exploratory wells had produced oil about ten miles north-east of the large Prudhoe Bay field, though they are not believed to be an extension of that field.

The exploration group, which consists of Exxon, Amoco, Atlantic Richfield, and Union Oil, had been drilling from an artificial island in the shallow Beaufort Sea about half a mile offshore. The wells, drilled to a depth of 12,800 feet, produced oil at rates ranging from 300 to 2,600 barrels a day.









WORLD TRADE NEWS

Tokyo envoy to defuse tensions with Brussels, Bonn

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

A TOP official of Japan's Ministry of International Trade and Industry (MITI), Mr. Naohiro Amaya, is to visit Brussels and Bonn in two weeks in an attempt to defuse bilateral trade tensions.

Mr. Amaya, who holds the post of Vice-Minister in charge of International Relations at MITI, will spend October 13 discussing problems arising from Japan's fast-rising trade surplus with the EEC with Commission officials in Brussels. On October 14 he will move to Bonn where talks may focus on Japan's rapid penetration of the West German car and colour TV markets.

Mr. Amaya is expected to explain proposals now being drafted by MITI for the short-term restraint of both car and TV exports to the West German market. In Brussels, he will also discuss arrangements for the visit on October 27 of Japan's special representative for trade, Dr. Saburo Okita.

Dr. Okita has been invited to Brussels by the EEC commissioner for external relations, Mr. William Haferkamp, for an exchange of views on all aspects of the economic relationship between the Community and Japan. He was understood last night to have accepted the invitation although no formal announcement has yet been made.

Both Dr. Okita and Mr. Amaya are likely to be told of Europe's "indignation" at the rapid and largely unrequited rise in Japan's exports to the Community this year.

They will respond by stressing the fact that Japan is running a large overall deficit on its global trade despite surpluses with some western trading partners. However Japan will also acknowledge that penetration of the West German car and colour TV markets has been "over-rapid" and needs to be restrained.

Japanese officials are especially worried about protectionist reactions to Japanese exports in Germany given the German record to date of upholding free trade.

JAPANESE-EUROPE TRADE

Friction mounts as EEC deficit grows

BY DAVID HOUSEGO IN TOKYO

THE JAPANESE like a good game of golf so that it is apt that a senior official here should choose a golfing metaphor to sum up Japan's exasperation at its trade problems with Europe.

"The trouble with dealing with Europe," he was reported as saying "is that it is like playing golf with a man whose handicap is 25, but who does not know he is as bad as that."

The fact is that trade friction between Japan and Europe is sharply worsening and could get more bitter yet. At the same time there has been a sharp improvement in the last six months in political ties with Europe, as Japan has sought to assert more independence in foreign policy from the U.S., party through co-ordinating more closely with Europe.

It is hoped that a closer political relationship will make it easier to solve trade problems.

Japanese industry is irritated by Europe's carping at the inroads Japanese products are making into European markets because it believes this reflects the inferiority of much of European industry. It does not necessarily believe that economic super powers must show restraint.

From the European side the latest trade statistics show a dramatic worsening of the overall trade deficit with Japan (up 75 per cent in the first eight months as compared with the corresponding period last year). For example there has been a major onslaught of car and colour TV exports in the West German market, bringing fears of a further loss of jobs on the back of an already substantial recession.

The 46 per cent increase in car exports to West Germany in the first eight months has carried Japan's share of the German car market up from 3.7 per cent two years ago to 14 per cent in August.

Beyond the more obvious examples of cars and televisions a further worry is that the trade statistics point to the beginning of other major export drives in such products as machine tools, office machinery and music centres.

As yet there is no indication how effective guidance by Japan's Ministry of International Trade and Industry (MITI) is likely to be in restraining exports of colour TV sets or cars. MITI accepts that there has been a deluge on the German market and that something must be done about it.

The EEC trade deficit with Japan for the first eight months at $5.2bn (£2.16bn) has now overtaken that of the U.S. whose Japan deficit for the same period stood at $3.8bn. European governments accept that it is likely to widen further over the next few years. An important factor in this is that Europe (unlike the U.S.) exports mainly manufactured goods to Japan, and manufactured goods as a proportion of total Japanese imports have dropped to 21.6 per cent in the January-July period from 24.5 per cent in 1979.

Direct Japanese investment in manufacturing industry in Europe shows little sign of providing the jobs that would offset the deteriorating trade deficit. The amounts are still small in spite of sizeable recent investments by Fujitsu and NEC in integrated circuit plants and an awareness of Japanese industry that joint ventures are a way of getting round trade barriers.

Adding to the problem of Japan's commercial relations is undoubtedly the attempt by the EEC Commission to bring European Governments in line in support of the formulation of a common commercial policy towards Japan—an ambition matched by Japanese scepticism about the power and usefulness of the Commission.

A MITI official this week made a similar point in saying that the Nine did not seem to Japan to represent a common market because of the differences, for instance, between member states over quota restrictions or voluntary restraint agreements with Japan. Undoubtedly the Japanese feel happier in dealing with individual countries on a bilateral basis.

In contrast to their scepticism over the Commission, the Japanese over the last six months have been increasingly anxious for closer political consultations with the EEC. The catalyst for this was the upheaval in Iran which brought home to Japan the need for a foreign policy more independent of the U.S. and reflecting Japan's strength as a major economic power.

Nevertheless, Europe does not figure high among Japanese preoccupations. Europe is not an ally on whose security Japan depends like the U.S., nor is it an adversary like the Soviet Union. It is not a vital source of energy as is the Middle East.

Toyota, Ford enter third round of talks on joint venture

BY RICHARD C. HANSON IN TOKYO

TOYOTA MOTOR and Ford Motor entered a third round of discussions this week on the possibility of joint production of small cars in the U.S., an idea first proposed by the Japanese last June.

The two sides appear to be far from an agreement on such a venture, and little is being said about the content of the talks being held at Toyota's headquarters near Nagoya.

So far the companies have exchanged views on what the scale of production should be, with Ford aiming for a higher rate than the initial 200,000 units per year proposed by Toyota.

The five man delegation from Ford, headed by Mr. Louis Ross, vice-president, is believed to be discussing possible engine sizes and other considerations for a jointly produced car with Toyota engineers.

There has been no word on whether Toyo Kogyo (Mazda) will become involved in the talks. Ford earlier this year acquired a 25 per cent stake in Toyo Kogyo, which in turn has become a key parts supplier for Ford's new "world car."

Sumitomo Bank, which arranged for Ford's equity participation, is working behind the scenes to assure that any Toyota-Ford arrangement does not hurt Toyo Kogyo.

A joint production venture in the U.S. would, for Toyota, offer perhaps the least costly option for entering the U.S. with a manufacturing plant.

Toyota has been very cool to the idea of building on its own a car or truck plant, despite considerable pressure from U.S. unions and politicians.

Nissan Motor, Japan's second largest car maker, has already committed itself to building a $300m (£125.5m) small truck plant there.

● Japan's second largest labour organisation and the American Federation of Labor-Congress of Industrial Organisations (AFL-CIO), has called on Japanese car manufacturers to curb exports to the U.S., union officials said in Tokyo yesterday.

The 2.2m-strong Japanese Confederation of Labor, known as Domei, expressed "concern over the critical unemployment situation in the U.S. and noted that lack of appropriate voluntary restraints in certain exports to the U.S. could hinder the maintenance of present international trade relations."

The AFL-CIO delegation, headed by Mr. Vincent Sombrotto, took a stronger stand. "Japanese auto exports to the U.S. increased 32 per cent in the first half of 1980 over the same period last year to a record 1.2m vehicles. This represents 22.8 per cent of Japanese production of 5.4m vehicles," it said.

Unless this is drastically reduced, "the U.S. is justified in its proposed legislated control of market by tariff impositions and other means," the AFL-CIO said in a joint communique with Domei.

Mixed U.S. reaction to steel trigger decision

By David Buchan in Washington

PRESIDENT CARTER'S decision to reinstate "trigger prices" on steel imported into the U.S. later this month has brought a mixed domestic reaction.

Steel company chiefs are calling it a key complement to other aid measures but importers complain it will briefly disrupt trade and give a longer-term inflationary boost to U.S. prices.

The American Institute For Import Steel claimed that U.S. steel producers would no longer be pushed into price discounting in the market because "trigger prices" put a floor under imported steel prices.

Trigger prices are based on production costs in Japan, currently judged the world's most efficient maker of steel. Products sold in the U.S. below these prices are thus deemed likely to have been dumped (sold below production or home market price), and such sales can "trigger" a U.S. Government investigation for anti-dumping.

The new level of trigger prices—to be imposed on or before October 21—will be on average 12 per cent higher than those in the first quarter of 1980.

In March, the Carter administration suspended trigger prices when U.S. Steel filed a $1bn anti-dumping suit of its own against steel producers in seven European countries. It then argued that the industry could not have both forms of import protection. Now, with the return of trigger prices, U.S. Steel has dropped that suit.

At pains to disclaim protectionism, Administration officials have justified the 12 per cent boost as merely reflecting the rise in Japanese costs while trigger prices were in limbo this summer.

They claim that because of a new way of calculating the trigger prices—using a 36-month average of the dollar-yen exchange rate instead of a 60-day average before — the new level will be 2 per cent lower this month than they would have been under the old method.

But there are more important changes which Viscount Etienne Davignon, the EEC industry commissioner, said in a letter this week to the U.S. Government "preoccupied" the Brussels Commission.

These concern a "surge provision" to check a rapid influx of imports by investigating sales for dumping, if import penetraton is more than 15.2 per cent of the U.S. market and if at the same time U.S. steel plants were operating at less than 87 per cent of capacity.

U.S. officials admit that at present both these conditions are met: U.S. capacity use is around 65 per cent, and imports have taken around 16 per cent of the market this year (20 per cent in August).

But they say the return of trigger prices should for a time deter an import influx above present levels, and they would not countenance a U.S. industry plea to activate the "surge provision" for several months, until new trigger prices have proved their worth.

In any case, they assert that any amount of imports can survive any degree of U.S. Government dumping investigation provided they are "fairly priced." Unlike the EEC which fixes quantity deals with foreign producers, there are no outright quantity curbs in the U.S. system.

The Carter Administration is undoubtedly Janus-faced in presenting its new system, saving protectionist aspects for home consumption. But officials point out that trigger prices have more bark than bite.

Between May 1978 and March 1980 the U.S. Government investigated just four dumping cases, and only one, on plate from Taiwan, ended in dumping duties.

Trigger prices will cover a wide range of basic carbon steel products, as well as stainless steel wire, as before. But the U.S. special steel firms have now asked the Administration to include more specialty steels than just stainless wire in the trigger price system.

President Carter phased out quotas on special steel imports earlier this year. Officials do not expect a speedy decision on this, and privately dread making an already complex trigger price system more so.

Sharp rise in E. bloc goods through Hamburg

BY LESLIE COLITT IN BERLIN

THE VOLUME of East European transit goods handled by the Port of Hamburg rose steeply in the first half of this year over the same period in 1979, because of heavy shipments of grain to the Soviet Union, East Germany and Czechoslovakia.

The Soviet Union jumped to fourth place as a transit customer of Hamburg this year by importing 500,000 tonnes of grain through the Port, compared with only 13,000 tonnes in the first six months of 1979. Until last autumn, nearly all of the Soviet-bound grain arriving through Western European ports was handled by Antwerp and Rotterdam. The grain is transferred from large bulk carriers to smaller vessels for the passage though the Baltic Sea.

An official for the Port of Hamburg said that the size of the Soviet grain harvest this year, the American grain embargo, and Hamburg's continued ability to compete successfully in grain handling will determine whether the port can continue handling this high level of grain for the Soviet Union.

Comecon countries made up 62 per cent of Hamburg's total transit traffic in the first six months of this year, or 8.2m tonnes.

East Germany was the leading Comecon as well as overall transit customer of the Port of Hamburg this year, boosting its volume of transit goods by [illegible] per cent, from 1.8m tonnes to 2.9m tonnes in the first half of this year. East Germany imported mainly maize, oil cake and coal through Hamburg while exporting fertiliser, refined oil and iron and steel products. Czechoslovakia was the second largest customer, with its volume of trade through the port rising by 31 per cent to 1.8m tonnes. The increase was due mainly to greater imports of maize, oil cake, wheat and barley.

Austria remained in third place as a transit customer, shipping over 11.13m tonnes, an increase of 2.8 per cent. After the Soviet Union in four place came Denmark in fifth, which had a 61 per cent rise in tonnage to 470,000 tonnes. Hungary was in sixth place, showing a rise of 26.6 per cent to 384,225 tonnes. Sweden's transit traffic through Hamburg was up 37.7 per cent to 292,975 tonnes, and Norway's rose 27.2 per cent to [illegible] tonnes.

Import quotas imposed on Thai clothing for UK

BY RHYS DAVID

IMPORTS of dresses, skirts and tracksuits from Thailand into the UK are to be placed under quota by the EEC following a rapid rise in shipments over the past two years.

The 1980 quotas are 230,000 dresses, 252,000 skirts and 260,000 tracksuits and in each case there is a provision for a 6 per cent growth rate in shipments in 1981 and 1982.

The quotas cover women's, girl's and children's woven knitted and crocheted skirts and dresses of wool, cotton or man-made fibre. The same categories apply in the case of tracksuits where men's and women's garments will be affected.

Thailand, which in a recent survey, emerged as the lowest cost textile supplier in the world, with labour costs of only $0.33 per hour, supplied 80,000 dresses to the UK in 1978, 120,000 in 1979 and 163,000 in the first eight months of this year.

In skirts, the total has risen from 26,000 in 1978 to 121,000 in 1979 and 237,000 in the first eight months. This is more than the new quota and no more imports will be allowed for the rest of this year under the new regulation, which comes into effect immediately.

Thai exports of tracksuits have risen from 88,000 in 1978 to 110,000 last year and 190,000 in the first eight months of this year.

Sri Lanka oil refinery deal signed

A $800m (£333m) oil refinery is to be built in Sri Lanka's east coast port of Trincomalee by Rizaco International of New York, according to a senior official of the Industries Ministry, Reuter reports from Colombo.

The refinery, which will have capacity to refine 200,000 barrels of crude a day, will be one of the biggest in southeast Asia. Rizaco international is sending a team of officials to Sri Lanka next week to sign the agreement, the official said. Construction should begin by next January.

Tanzania power plant

An agreement was signed this week by the Tanzanian Tanesco company and Energoinvest of Sarajevo for the construction of a power transmission network for the Kidatu Mufindi power-transmission project, AP-DJ reports from Sarajevo. The DM 38m (£9m) deal was signed by the president of the Tanesco company and Mr. Dragutin Kosovac, president of Energoinvest, according to the Yugoslav news agency, Tanjug.

Macao bids 'similar'

Bids to run the communications system on the Portuguese enclave of Macao have been made by British-owned Cable and Wireless and a Portuguese group, Macao Governor, Sr Melo Egidio said, Reuter reports from Macao. Both firms have made similar bids, with each offering to invest about $200m given the exclusive franchise, officials said.

Hawk trainer gains ground

BY OUR WORLD TRADE STAFF

BRITAIN'S Hawk ground attack/trainer aircraft has won an important further round in the competition to find an advanced jet trainer aircraft and training system for the U.S. Navy.

British Aerospace has been awarded a contract which calls for definition of a complete training system built around the Hawk. The competition for a future U.S. Navy advanced trainer known as the VTX-TS promises an initial requirement for up to 350 aircraft.

British Aerospace has a teaming arrangement with the Douglas Aircraft Company to meet the VTX-TS requirement. The team has submitted two proposals—one based on the Hawk and the other on a new U.S. designed trainer.

● Servicos Aeros Cruzeiro do Sul of Brazil, an associate company of Varig, has bought an additional A-300 airbus, raising its fleet of the 250-seat European airliner to four, Reuter reports from Paris.

The airline has been using two Airbuses since July on routes joining Rio de Janeiro, Sao Paulo, Brasilia, Buenos Aires, Asuncion, Caracas and Miami. A third is due for delivery next year and the fourth in June, 1982.

OFT decides against investigating oil

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading (OFT) has decided against carrying out further investigations into allegations that the major oil companies are trying to squeeze small independent petrol stations out of business.

Mr. Gordon Borrie, director-general of fair trading, said yesterday that there was no justification for a fresh investigation under either the monopoly or competition laws.

"Indeed, in present circumstances, many of the complaints made to my office arise from the existence of competition rather than from its absence," he said.

Mr. Borrie added that "it is noticeable that the complaints arise primarily from within the trade rather than from the motoring public." But he gave an assurance that OFT would continue to monitor the activities of the major oil companies, and would launch an investigation under the Competition Act "if I have evidence to suggest that the wholesalers are abusing their market power."

The Motor Agents' Association yesterday criticised Mr. Borrie's decision.

Mr. Alan Dix, the association's director general, said OFT had made the oil companies "look white rthan white and suggested that big is beautiful."

Mr. Dix said that more than 1,300 independent retailers went out of business last year, and their closure rate was three times as great as that for company-owned petrol stations. The association intended to seek an early meeting with the Government to press for legislation intended to force the oil companies to relinquish their petrol retail outlets.

Pressure from the association as well as individual garage owners and MPs had prompted Mr. Borrie to issue yesterday's statement.

It had been alleged that the oil companies' investment in company-owned filling stations, and particularly their policy of investing mainly in sites selling cut-price petrol, was aimed at squeezing the margins of the independent retailers, and forcing them out of business.

The association also objected to certain oil companies giving financial help to selected retailers to enable them to cut prices in the face of local competition.

The increasing domination of the market by the oil companies, it is argued, will lead to higher prices, lack of petrol especially in rural areas, and a general reduction in service facilities.

However, Mr. Borrie recalled yesterday that an investigation by the Monopolies and Mergers Commission into the supply of petrol, which was published last year, concluded that the oil companies' retail practices did not operate against the public interest.

But the commission did ask OFT to continue to monitor the level of the oil companies' penetration in the retail market. The results of this monitoring show "that, while the number of retail outlets supplied continues to decline and the proportion of company-owned sites has increased, the increase in the UK as a whole has been less than one percentage point per annum."

And the proportion of petrol sold through company-owned sites as a whole rose from 49.1 per cent in 1976 to only 51.5 per cent in 1979.

But in urban areas, the proportion sold through company-owned sites rose from 68.6 per cent in 1976 to 72.2 per cent in 1979.

Mr. Borrie said that, "in the light of the findings of this review and bearing in mind the conclusions of the commission in 1979, I have concluded that company ownership has not, at present, reached a level which would constitute a reason for me to make a further monopoly reference to the commission."

Commenting on the practice of selective support of some retailers by the oil companies, Mr. Borrie said that market instabilities had brought about a changing position. "These adjustments have inevitably caused uncertainty at the retail end, and have heightened the sense of unfairness among those retailers who have not benefited from selective support," he added.

He also said that there was no firm evidence that certain oil companies were at present discriminating in providing such financial support against independent retailers.

"My recent inquiries suggest that Shell and Esso, the two companies most singled out for this criticism, are not now discriminating in the provision of selective support according to whether an outlet is company-owned or independent, and have been attempting in a highly competitive market to reduce elements of unfairness in their systems," he said.

Mr. Borrie also cast doubt on allegations that petrol supplies to rural areas were being discontinued.

"It is clear that the problems of distribution of petrol outlets in rural areas are not as acute as they are sometimes made out to be," he said.

Both Shell and Esso had given assurances to the Department of Energy that they would continue to supply certain rural outlets which, on economic grounds, they had wanted to close.

NI gas pipeline could reduce public spending

BY OUR BELFAST CORRESPONDENT

A PIPELINE bringing natural gas to Northern Ireland could provide a major saving in public expenditure, the Northern Ireland Economic Council told the Government yesterday.

The Northern Ireland Office last year decided not to provide a pipeline from Scotland, a move which will mean the closure of most of the 13 public and private gas undertakings.

However, the council, which advises the Northern Ireland Office and draws its members from industry and the unions, has now told Mr. Giles Shaw, the Parliamentary Under-Secretary responsible for energy that a pipeline would in the long term cost less than closing down the gas industry.

Sir Charles Carter, the chairman, said the Government believed a shutdown of the industry involved a smaller financial burden and lower public expenditure costs.

But, a study by Coopers and Lybrand Associates for the council suggested a pipeline would yield a manageable financial burden and a lower spending commitment, he said.

The consultants report said closure would require £125m more from public funds over 20 years than a public sector pipeline scheme which would benefit from operating surpluses in later years.

It said that closure of the industry would mean the Government spending a substantial amount to meet the cost of operating deficits, the conversion to other fuels, closing the distribution network and making redundancy payments.

Mr. Harold McCusker, MP, chairman of the Northern Ireland Gas Employers' Board, said the Government now had ample justification for reversing its decision.

The Government response is expected in the next two weeks.

Development studies grant to be reduced

By David Tonge

THE GOVERNMENT is to cut by a third its annual grant to the Institute of Development Studies at the University of Sussex.

The Institute has built up a world-wide reputation for its work on development and the cut has been the subject of vigorous debate in Whitehall, ending up on the desk of Mrs. Margaret Thatcher, the Prime Minister.

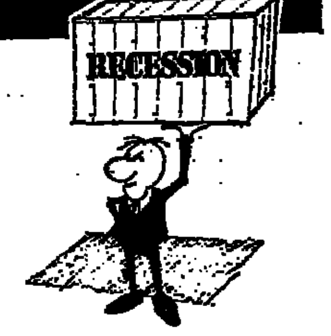
With the Government now providing around 70 per cent of the institute's income, the cut announced yesterday, is a major blow, but Mr. Carlos Fortin, deputy director of the IDS, said yesterday: "We can just live with it. We will make up for the reduction by increased teaching and consultancy work."

The report on non-departmental government bodies, better known as quangos, by Sir Leo Pliatsky raised the possibility of abolishing the annual grant given by the Overseas Development Administration to the IDS by 1968.

However, a working party was then established by the IDS and proposed that by the academic year 1983-84 the Government grant should be reduced from its present level of £1.2m to £755,000 at 1980 prices.

WRESTLING WITH RECESSION

Specialist product ensures survival



BY WILLIAM HALL

THE HON. Patrick Best, the chairman of Wiggins Teape, is not the most popular member of Britain's paper making community.

While some of his competitors are leading delegations to ask the Prime Minister for help, Mr. Best can see no reason why the paper industry should be singled out for special assistance.

He does not believe the industry's problems will be solved by import controls. And on the cost of energy, all he can say is "Thank God we do not make cement."

Only way

Wiggins Teape, which was taken over by BAT Industries in 1970, ranks after Bowater and Reed in terms of size, but with nearly a third of its UK output going overseas it is number one in exports.

Apart from the closure of the Fort William pulp mill in Scotland, which was unrelated to the recession, Wiggins Teape is unusual in that it has not yet had to close any mills or shed labour.

Mr. Best feels strongly that Wiggins Teape's strategy is the only sure way that UK paper producers can survive long term. The increasing dominance of the huge integrated North American and Scandinavian paper mills in the "commodity" grades of paper such as newsprint, kraft liner and board, has led to a steady reduction in the size of the UK industry.

"I am not a Canute," says Mr. Best. He sees the problems of the high pound, fierce import competition and costly energy, as merely accelerating the long-term restructuring of the UK paper industry.

He admits the UK paper industry is going through one of its worst ever crises but sees it as part of the painful adjustment the country has to make to live with itself.

"I believe it is up to us to seek our own solution," he says.

Mr. Best does not rule out the possibility that he will have to lay off staff before the recession ends. In fact, he says there is "quite a high probability" of redundancies within the next few months. However, there is no denying that Wiggins Teape is in far better shape than most of Britain's other paper companies.

Wiggins Teape has the good fortune of never having had a big commitment to "commodity" grades like newsprint. Its strength is in high-quality and speciality papers with a high added value. Its most successful product is Idem carbonless copying paper and the growth of this product, which accounts for over a quarter of group sales and a higher proportion of profits, has insulated it from many of the UK industry's problems.

GATEWAY

WIGGINS TEAPE

Sales (1979)	£542.5m
of which UK	£260.7m
Trading profits	£52.9m
of which UK	£17.7m
UK exports	£72m
Group employees	18,250
of which UK	10,320
Capital employed	£273.7m

During the past few years, the company has spent around £50m on new UK capacity. Wiggins Teape has been carving out a position for itself as the market leader on the specialised field of carbonless copying papers—a market where imports have made little impression.

The company also departed from tradition and set up a highly motivated marketing force to sell its paper throughout the world. Traditionally, the big papermakers have left the selling job to paper merchants, whose loyalty quickly disappeared when cheaper imports arrived.

Not that Wiggins Teape is immune from the recession. Although it will not confirm the fact, its UK operations are probably losing money at the moment. The strong pound has hit exports of Idem and photographic base papers—volume is holding but margins have suffered badly. Fortunately, the overseas enterprises (two thirds of trading profits last year) improved their contribution significantly in the first half of this year.

Wiggins Teape has cut its UK workforce by 10 per cent over the past five years but increased its output by 25 per cent, about a 7 per cent per annum increase in productivity. Mr. Best believes there is still room for improvement.

He cites the case of two similar sized Wiggins Teape mills—one in Belgium and one in the UK— and producing the same product. The output per employee of the Belgian mill is roughly twice that of the British mill.

Wiggins Teape has also been looking at overheads. Two years ago it appointed an energy supremo to cut energy bills. By turning down central heating at the Basingstoke headquarters, 25 per cent less energy was used last year. And at many of its mills Wiggins Teape has been able to make energy cuts of up to 20 per cent.

Wage round

It has also taken a hard look at its sales force. Company cars are now changed every three years, instead of two years, and Wiggins Teape has waged war on repair costs.

There is a ban on recruitment and, with an eye on the forthcoming wage round, Mr. Best says that there is "no way that Wiggins Teape in the UK can contemplate wage settlements that are not significantly below the rate of inflation."

The recession has affected Wiggins Teape's investment plans. Investment in boosting volume is tending to be postponed and cost-saving projects are being brought forward. However, Wiggins Teape has not been forced to make major cuts in its investment plans.

Wiggins Teape appears to be stoically facing the recession. "If I have any axe to grind," says Mr. Best, "it is about the gay abandon with which gas, electricity and transport prices are being raised at an unjustifiable rate."

What Mr. Best does not emphasise is that the strong pound is keeping down the price of his imported pulp (60 per cent of total costs). This tends to go unnoticed in the current clamour for help for the British paper industry.

Nevertheless, Mr. Best makes it clear that, come what may, his company will still be around when the recession is over (late 1981 in his view). The recession will have beneficial effects in that it will "shake out" companies that lack business sense. At the end of the day Mr. Best hopes to pick up a bigger share of the market.

Mill closures Page 8

UK NEWS

Dow unveils £400m petrochemical plan

BY SUE CAMERON, CHEMICALS CORRESPONDENT

DETAILED PLANS for a £400m petrochemicals development at *Nigg Bay on* the Cromarty Firth in Scotland were announced yesterday by a confident Dow Chemical.

The U.S.-based group is one of several major companies fighting for the right to use North Sea natural gas liquids (NGLs) as raw materials for making petrochemicals.

Dow stated categorically that it "had to have" a world-scale plant for making ethylene—the building block of the chemical industry used to make a wide range of things from plastics to solvents.

It said if it was not allowed to build one at Nigg, it would put one up elsewhere in *Europe.*

The Dow scheme involves:

- A £140m fractionation plant to separate the NGLs into ethane, propane, butane and other gasses;
- A £100m world-scale ethylene plant capable of producing between 400,000 tonnes to 600,000 tonnes of thylene a year;
- £160m to be spent on downstream plants that would use ethylene as a raw material. These would include low-density and high-density polyethylene plants for the making of plastic materials.

The £100m quoted by Dow as the cost of an ethylene plant *at Nigg is remarkably low.* The gas-based ethylene plant being built at Mossmorran in Fife under the Shell/Esso scheme is expected to cost £360m. But yesterday Dow said it had just built an ethylene plant in Canada for £100m, and insisted it could do the same in Scotland.

The group said its scheme would create 2,000 permanent jobs at Nigg plus 2,000 short-term construction jobs and another 15,000 jobs in ancillary manufacturing and services.

The group said it could either export the other streams to the U.S., where they could be used for energy purposes—*home-heating fuel, for example*—or it could use the gas liquids as petrochemical feedstock in its Continental plants.

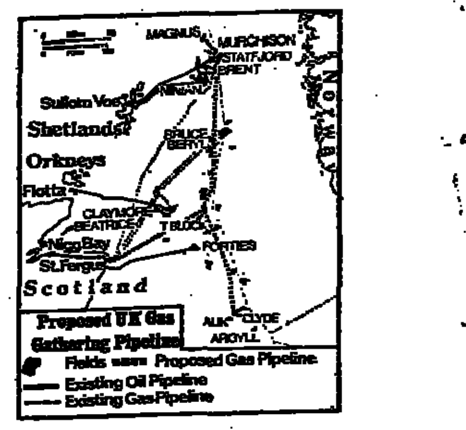
Other chemical companies that are anxious to obtain the NGLs from the new North Sea gas gathering system for themselves have attacked Dow's plans on the very grounds that the U.S.-based company would want to export British gas for use elsewhere.

But yesterday petrochemical industry experts pointed out that other companies were already exporting gas liquids.

Alternative plans for using the NGLs have come from:

- Shell Chemical UK, Esso *Chemicals, Imperial Chemical* Industries and BP Chemicals which want to use the gases in their plants South of Nigg.
- The UK-based High and Hydrocarbons which has put forward a "common user" consortium scheme expected to cost a total of £800m.
- The U.S.-based Occidental which wants to build a £200m ethylene plant in Scotland.

The U.S.-based Conoco has also expressed interest in building an ethylene plant although so far it has not put forward any definite plans.



Stocks of beer and wine fall sharply

BY GARETH GRIFFITHS

BEER production and wine clearances in the UK this year have both fallen sharply according to figures released this week by the drinks industry trade associations, and there is a prospect of depressed sales at Christmas.

Beer production in August was 19.4 per cent down compared with the same month last year. The Brewers' Society said beer production was just over 3m bulk barrels or 870.8m pints. This compares with 3.75m bulk barrels or nearly 1.1bn pints in August, 1979.

Production for the first eight months of the year was 26.3m bulk barrels or 7.6bn pints, a fall of 4.2 per cent on the figure for January to August in 1979.

The brewers blame destocking by retailers for the sharp fall in August and expect annual production for 1980 to be 3 per cent down on the 1979 figure. Earlier this year the industry had forecast a growth of 2½ per cent.

Wine imports were down 20 per cent in volume for August compared with the same month last year, according to the Customs and Excise.

The Wine and Spirit Association said yesterday that the amount of wine cleared from bond on which duty had been paid was down 3.2 per cent for the first half of 1980 compared with 1979.

Clearances of wine for the first half of the year were 165m litres compared with 171m litres in January to June, 1979.

The moving annual total, which is the best guide to the state of the wine trade since it eliminates seasonal distortions, was down overall by 1.3 per cent. This is the first time it has fallen since March, 1978.

The brewers believe the relatively short life of beer will mean that restocking will resume in the autumn. But Mr. Dennis Webb, the wine importers' chairman, said that unless there was a rapid cut in Minimum Lending Rate, the Government would force a very subdued Christmas upon Britain.

- The Ministry of Agriculture has started talks with the spirits industry over changes in the labelling of whisky, gin, vodka, brandy and rum. Spirits under 65 proof have to advertise that fact on bottle labels. The Scotch Whisky Association has suggested the limit be raised to 70 proof or 40 per cent alcohol by volume.

British Shipbuilders order

BY OUR SHIPPING CORRESPONDENT

BRITISH Shipbuilders has won a £10m order for a 31,000 dwt bulk carrier from Denholm Line Steamers of Glasgow. The ship will be built at Sunderland *Shipbuilders' Pallion Yard* and is due for delivery in the second quarter of 1982.

Mr. Tim Brown, managing director of Denholm Line Steamers, said that although the UK net price is higher than abroad: "There is an advantage in a sterling price—and loan—to a British company despite our earnings nowadays being almost 100 per cent in U.S. dollars."

It will the seventh 31,000 dwt bulk carrier to be ordered from Sunderland over the last few years. The ship will be powered by a 12,000 bhp Sulzer engine which will be built at Clark Hawthorn.

Big rise in paper import predicted

By William Hall

THE LARGE *number of* paper mill closures this year will result in imports of paper and board rising "dramatically" next year. For the first time ever they are expected comfortably to exceed domestic production.

In its latest Packaging and Paper Review, stockbrokers Phillips and Drew forecast paper and board imports in 1981 will account for nearly 60 per cent of the UK market.

This compares with the current figure of just under 50 per cent. Ten years ago imports accounted for 37 per cent of the market.

This pessimistic warning about the future level of paper imports comes on the day a delegation of trade unionists and leading paper producers meet the Prime Minister to argue their case for special help for the newsprint industry.

Phillips and Drew estimates that mill closures announced so far this year will reduce UK capacity by about 700,000 tonnes or 15 per cent of UK production. Although some of the extra production will come from UK mills, the bulk of the shortfall will have to be met by imports.

UK production is expected to fall by 8 per cent next year which is in line with the forecast decline for the current year. The UK is expected to consume 7.3m tonnes of paper and board in 1981 of which 4.2m tonnes will be supplied by imports.

Because costs in the paper industry are rising 5 to 6 percentage points faster than prices P and D believes most companies in the UK paper industry are either losing money or just about breaking even.

Courts to impose 'youth custody'

BY PHILIP RAWSTORNE

THE COURTS would be given stronger but more flexible powers to deal with young offenders under legislative proposals published in a Government White Paper yesterday.

Sentences of Borstal training and imprisonment for young adults, aged 17-21, would be replaced by a single, determinate sentence, provisionally described as "youth custody."

The Government plans to repeal Section 3 of the Criminal Justice Act, 1961, which, in general, restricts the powers of courts to imprison such offenders to an indeterminate sentence of Borstal training.

Offenders sentenced to youth *custody terms of 4-18 months* would be guaranteed to serve them in designated training establishments, says the White Paper.

Detention centres would be retained for shorter periods of custody for young men.

All young adult offenders would be subject to supervision for 3-12 months after release from custody "to ensure close support of a practical kind and to provide guidance."

Under the proposals, the courts would also be empowered to impose medium-term sentences of youth custody on juvenile offenders aged 15 to 16.

A new residential care order would be introduced to enable courts to order the removal from home of a juvenile who commits further imprisonable offences while already in the care of a local authority.

Further proposals aim to encourage the greater use of non-custodial measures by giving the courts a new order allowing them to specify the programme of activities which a juvenile placed under supervision in the community agrees to undertake.

Community service orders would also be extended to 16-year-old offenders.

The Government, in a move designed to re-emphasise parental responsibility, also plans to strengthen the powers of the courts to make parents pay the fines of juveniles.

Young Offenders, HMSO £1.70.

Upturn expected by 1981

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE UK recession should bottom by mid-1981, with a slow recovery in output and company profits towards the end of the year, says a forecast published yesterday by Edinburgh stockbrokers Bell, Lawrie, Macgregor.

The *immediate outlook is* poor, especially for the corporate sector, which is being squeezed because of Government reliance on cutting public investment rather than restraining public consumption. No immediate fall in lending rates is foreseen.

Given wage settlements of around 13 per cent in the current wage round and 10 per cent next year, labour productivity and company profitability should improve. Inflation will also fall to near single figures *by the beginning of 1982,* but unemployment will remain high.

The firm advised the sale of equities in the next six months. But it is more optimistic about long-term equity market prospects.

Discounting angers airlines

By Michael Donne, Aerospace Correspondent

AIRLINES flying to and from the UK are to seek a meeting with Mr. Norman Tebbitt, Aviation Minister, to urge tighter control by the Department of Trade over the "discounting" of air tickets.

The Department of Trade did tighten controls over ticket sales by "bucket shops" —travel agencies offering cheaper tickets—but the practice persisted. Many scheduled airlines claim it is costing them millions of pounds in lost revenues.

The airlines involved are members of the Board of Airline Representatives in the UK (BARUK), which in turn has been promoting an "operation clean-up" for some time.

It is believed the tickets come to the bucket-shops from tour organisers or others who buy blocks of seats on specific flights, and off-load those they *cannot* sell.

The legality of the practice is in doubt. Discount sales outlets, however, argue that since the tickets have already been bought legally they can be legitimately passed on at cheaper rates if that is the only way they can be sold.

The bucket-shops themselves claim that they provide a useful service to the travelling public, and that even though they operate outside the IATA and the Association of British Travel Agents, they are doing so legally.

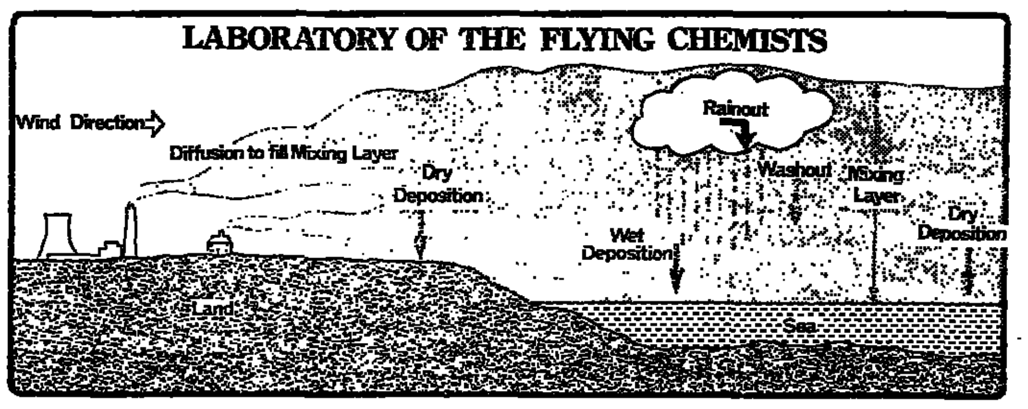
- Swissair, the Swiss flag airline, is the first airline to put the new McDonnell Douglas stretched DC-9 Super 80 jet airliner into service.

From October 5, Swissair's daily afternoon and evening flights between London and Zurich will be flown by the 135-seater jet.

ENERGY REVIEW: POWER STATION EMISSIONS — BY DAVID FISHLOCK, SCIENCE EDITOR

Flying chemists measure 'acid rain'

HIGH ON the agenda for Mr. William McCollam, in London last week to see Britain's electricity chiefs, was the £1m Anglo-American joint study of "acid rain" over the North Sea. The results of this programme are as eagerly awaited in the U.S., strongly criticised by Canada for allegedly deposit*ing "acid rain" on its crops,* as in Europe where Scandinavia has been complaining to the British electricity industry for a decade.



Mr. McCollam is president of the Edison Electric Institute in Washington, trade association for U.S. electricity companies. His industry also funds EPRI, the Electric Power Research Institute in California, with a budget of about £100m this year, mostly being spent in research contracts placed with other organisations, normally in the U.S. But one major contract has been placed overseas. EPRI is sharing the cost of the "*flying chemistry*" *programme* devised by the Central Electricity Generating Board, in which a heavily instrumented Hercules aircraft of the Meteorological Office is trying to track the path of sulphur emitted by the CEGB's tall chimneys as it heads across the North Sea.

The copious emissions of *sulphur from large* modern power stations are an increasingly contentious international issue. During the recent troubles in Poland it was pointed out that one of the country's largest exports was sulphur—sent gratis to Russia from coal-fired power stations on its Eastern border.

Canada's *accusations against* the U.S. electricity industry evoke a snort of amusement from the CEGB, which believes that the stubby stacks of U.S. power stations re-deposit the sulphur close to the plant. The CEGB equips its stations with tall stacks aimed at injecting the effluent gases into the atmosphere high enough to ensure that they are carried offshore.

There is little question that tall stacks protect Britain from an estimated 3.2m tonnes of sulphur discharged into the atmosphere in Britain each year. Mr. Gill Blackman, the CEGB's Board member for planning, went unchallenged on the point at the annual conference of the National Clean Air Society in Bournemouth last week. This society, more than any other single body, can probably take credit for the dramatic improvement in the purity of Britain's airspace in the last 20 years.

But do tall stacks, 600-800 ft high, merely dump the pollution *on someone else's doorstep?* The Scandinavians claim that it does: that they are the recipients of sulphur deposition not only from Britain but from the Ruhr. They allege that it is being washed out of the atmosphere as "acid rain"—sulphuric acid — over their countries, seriously damaging their forests and killing their fish. One investigator has described their lakes "as acid as Coca Cola." Sweden took its case to the United Nations in 1971.

The CEGB does not dispute the fact that Scandinavian countries have problems with acidity of their soil and inland waters. But it strongly disputes any claim that Britain's power stations are a significant source of the acidity. Fish populations in rivers in southern Norway have been declining for 90 years, Mr. Blackman told the National Clean Air Society. About half the fish had disappeared by 1920. "Unrestricted netting of game fish has only recently been brought under legislative control in Norway after protests by the angling fraternity that over-fishing had dangerously reduced stocks."

The Norwegians claim that fish disappeared from Lake Langtjern in the 1960s because of "acid rain." But scientists studying sediments from the lake have shown that the acidity has varied around its present level for centuries, with the lowest acidity occurring about 800 years ago. Moreover, the lake has been successfully restocked with trout, says Gill Blackman.

The CEGB is most anxious to satisfy the international scientific community that its plants are not the cause of "acid rain," or at worst make a negligible contribution to the problem. If it were obliged to adopt flue gas desulphurisation—the removal of sulphur at the power stations — it estimates that the cost of electricity generation in Britain would rise by 25-30 per cent. Some 5-10 per cent extra coal would be needed to clean up the flue gases. And Britain itself would be left with the problem of disposing of a voluminous and noxious sludge of sulphates.

Nevertheless, the CEGB has a prima facie case to answer, for, as Dr. Tony Kallend puts it, the the sulphur it sends up its tall stacks goes somewhere. Dr. Kallend, of the CEGB's Central Electricity Research Laboratories (CERL) at Leatherhead is in charge of the "flying chemistry" programme, which aims to discover just what does happen to the 3.2m tonnes of sulphur "exported" annually by the UK. The nub of his programme is the release of a distinctive tracer gas from a tall stack in Yorkshire, the path of which can be followed by a flying laboratory as it streams out into the relatively pure air over the North Sea towards Norway. "A wonderful laboratory," says EPRI. It is the biggest single project at CERL and a top priority, says Dr. Kelland.

The power station is the 2,000 MW coal-fired plant at Eggborough. This has been fitted with a half-tonne tank of the gas sulphur hexafluoride, so that it can be released continuously into the effluent fumes at the rate of 50 kg an hour, representing 1 part per million of tracer. A second tracer, a perfluorinated compound abbreviated to PP2, is injected as pulses every half-hour, so that the scientists can identify particular "parcels" of air.

The main flying laboratory is a newly acquired Hercules (Lockheed C130) of the Meteorological Research Flight at Farnborough, flown for the Meteorological Office by the RAF. It costs the CEGB about £1,000 a hour to hire it. Dr. Kallend puts his own team of four aboard, for flights lasting as long as 14 hours along plume trajectories from Eggborough.

The key instruments aboard the Hercules for these flights are one which collects cloud water sc as to find any evidence of the formation of "acid rain" right at source; and one which *tracks the tracer* and *hence the* path of the plume. Collection of cloud water is harder than it looks, says Dr. Kallend. But his team drew upon the experience of colleagues at CERL who work on the problems of steam clouds in turbines. It took that team much longer to develop a method of continuous assay for sulphur nexafluoride in an atmosphere that is already contaminated by traces of the gas leaking from refrigerators and switchgear.

In addition the flying laboratory is assaying traces of sulphur dioxide, ozone, ammonia and oxides of nitrogen; and measuring temperature, humidity, wind speed and direction and radiation. All this has to be correlated with the measurements of two scientists 450 feet up the Eggborough stack, who are monitoring what the stack itself is releasing.

The Hercules flies up and down the North Sea, at right-angles to the path of the plume, dodging oil fields (it has to keep five miles away from them). It does controlled ascents and descents within what the meteorologists call the "mixing layer" (see accompanying sketch), from 3,000 feet down to about 100 feet above the sea. As might be imagined, it suffers a lot of turbulence and the flights place a heavy strain on the crew.

By the end of the year—weather permitting—Dr. Kallend hopes to complete about a dozen of these flights, some 200 hours of flying. Unravelling the deluge of data these flights trawl from the sky into 100 or so chemical equations is another major exercise for CERL's chemists. Already they have learned that if the *conditions* are right acid can accumulate in clouds very quickly, in a matter of minutes, in fact.

One of the aims is to establish what relationship—if any—exists between "acid rain" and a specific source of sulphur dioxide emission, such as a power station. The other is to try to predict the effect of reducing sulphur emissions from British power stations on countries downwind of Britain, and on south-west Norway in particular.

Present plans are for a major report on the "flying chemistry" programme to be ready by next spring. But the handful of flights already made has opened up still wider questions, which point to the need of another programme of flying beyond the 200 hours at present scheduled. This could involve more specific flights, and more study of other sources of sulphur, such as the U.S., and of other sources of atmospheric acidity—such as the sea itself.

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UK NEWS

Iranian assets hearing postponed

By Raymond Hughes, Law Courts Correspondent

IRANIAN assets, frozen in the London branches of five leading American banks since last December, are unlikely to be freed by the British courts for at least another seven months.

Actions in which Bank Markazi, the Iranian central bank, is seeking more than $3bn from the American banks were due to begin in the High Court in London on November 3.

But at a private court hearing yesterday it was agreed to postpone the case until the end of next April at the earliest.

It is understood that Bank Markazi is not yet ready to go ahead with the claim, which is extremely complex and involves vast numbers of documents.

The assets were frozen on the orders of President Carter in response to the takeover of the U.S. Embassy in Tehran.

Bank Markazi is claiming the release of $329.9m from The Chase Manhattan Bank; $1.79bn from Bank of America National Trust and Savings Association; $415.6m from Manufacturers Hanover Trust Company; $332m from Bankers Trust Company; and $175m from Citibank.

IMF reports, Page 5

Monday Club warns of industry plight

The Tory Right-wing Monday Club yesterday warned of "growing resentment" over the plight of British industry.

Mr. Sam Swerling, the club's chairman, urged the Prime Minister to make a substantial cut in minimum lending rate to help the manufacturing industry. Higher duties should be imposed on cheap imported goods and currency levies and incentives introduced to wipe out the disadvantage to exporters of the oil element in the value of sterling, he said.

German tourists are big spenders

Britain should try to attract more West Germans — the biggest spenders on overseas tourism in the world, Mr. Michael Montague, chairman of the English Tourist Board, said in London yesterday.

Mr. Montague, who was opening a hotel industry seminar said that Americans going overseas spent $9bn, while West Germans, with only a quarter of the population, spent double that amount.

Brickworks opposed by local authorities

A £15m development by the London Brick Company to build a new brickworks near Peterborough has been deferred by Cambridgeshire County Council because of the current controversy over air pollution from chimneys.

The works would create more than 100 new jobs but the development has been opposed by local authorities, farmers and residents.

Bank offers Visa travellers' cheques

THE BANK of Scotland has switched to issuing Visa travellers' cheques in place of its own cheques. Visa cheques are already offered in the UK by Barclays. The Bank of Scotland says it has made the change so that customers can benefit from the worldwide service.

Risk takers are paying heavy price

COMPANIES which were sitting pretty during the recession because they were not funding major capital projects would later pay for their lack of foresight, said Mr. Derek Farrant, the director of the Council of Ironfoundry Associations, in Leicester yesterday.

Mr. Farrant was commissioning the £500,000 modernisation of the S. Russell and Sons foundry.

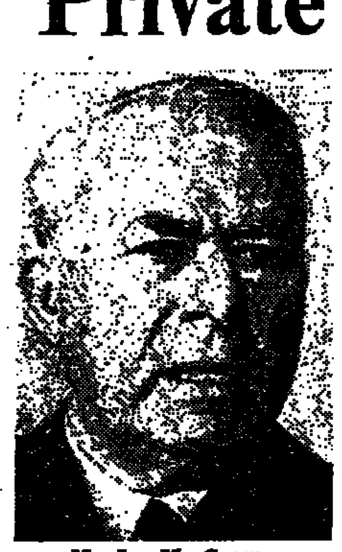
BP Tanker new name

BP TANKER COMPANY, the shipping arm of British Petroleum, is to change its name in January to BP Shipping Ltd.

The tanker company, which operates its own fleet of 58 ships and has a chartered fleet of 27 vessels last year carried 80m tons of oil and oil products.

Private steelmakers plead for recognition

BY ALAN PIKE



Mr. Ian MacGregor

PRIVATE steel producers have told the Government that their interests must be taken into account when decisions are made on Mr. Ian MacGregor's plans for the future of the British Steel Corporation.

The private companies, which like BSC are under severe pressure because of the deeply depressed steel market, are concerned that the Government should not become so distracted by the problems of BSC that it overlooks the importance and problems of the industry's private sector.

Since Mr. MacGregor became chairman of BSC in July, private producers have been concerned about suggestions that he might try to increase the corporation's concentration on higher value products, leading it into more direct competition with the private sector.

The concern of some private manufacturers has developed into anger with last week's Government decision to make at least £400m more available to BSC this year.

Mr. Derek Norton, chairman of Hadfields, the Sheffield-based private steelmaker, which is part of the Lonhro group, protested at a meeting of the British Independent Steel Producers' Association management committee yesterday that it was unfair for private producers to have to compete in the same market as a heavily subsidised public corporation.

The acute problems of the steel industry have led to some private manufacturers believing that they, like BSC, must look for financial aid from the Government.

At Hadfields Mr. Norton admits that the drop in demand is causing serious difficulties and shop stewards fear that these will be enough to kill the company, which employs nearly 3,000 workers, unless it receives assistance.

In the longer term private steel manufacturers are concerned that their role should be considered in the context of an overall strategy for the steel industry in Britain. The private sector has a capacity of almost 5m tonnes and a workforce of about 70,000.

Mr. MacGregor intends to submit a corporate plan for BSC to the Government in December, and Ministers are expected to reach conclusions on it by the end of January.

Private steel producers hope this timescale will enable the Government to consider Mr. MacGregor's plan in the context of a wider strategy for the entire steel industry. Some would welcome an official inquiry into the industry which could consider, among other things, the possibility of developing a "spheres of influence" policy between the public and private sectors.

Mr. Derek Norton

Coal prices to rise by 10% next month

By Sue Cameron

DOMESTIC coal prices are to rise by a minimum of 10 per cent at the start of next month and further increases are planned for January.

But yesterday the National Coal Board said householders would still find coal cheaper than either oil or electricity.

The Board blamed inflation, high interest charges and the financial targets it has been set by the Government for the price rises. It said inflation had particularly hit the cost of new engineering equipment although wages had also been affected.

Smokeless fuels are to go up in price by between 12.5 per cent and 15 per cent. All the price increases announced yesterday will apply to the prices the Board charges to coal merchants.

But it warned that the merchants are suffering from increased transport and distribution costs, and retail prices could therefore rise by more than the 10 per cent to 15 per cent being imposed by the Board.

The price increases will add £4.10 a tonne to the price of mid-grade house coal in the London area. The Board does not disclose the wholesale prices it charges merchants, but the latest increases are expected to bring the retail price of house coal in London to around £76 a tonne.

Anthracite beans, used in domestic boilers, will go up in price by £9 a tonne, bringing the retail price to at least £102 a tonne in the London area.

The Board decided to put up its prices in two stages after consultations with the Domestic Coal Consumers' Council. The Board said it was announcing the increases early to give consumers a chance to stock up for the winter before the higher prices come into force.

Later this month the Board is due to start wage negotiations with the National Union of Mineworkers. It is thought that the phasing of the price rises will therefore suit the Board, which will be able to adjust the second round of increases to cover higher wage costs.

The last domestic coal price increases was in February. At the time the Board warned that further rises would be necessary later in the year.

Girobank may open regional offices

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

NATIONAL Girobank, the state-owned institution created 12 years ago to compete with the clearing banks, is considering plans to open regional offices and to create special counters in post offices throughout the country.

Giro operations are highly centralised in Bootle and London, and the bank only has direct contact with its customers through post offices, which are the sole outlet for its services.

The plans for regional offices envisage about 200 to 300 jobs being created in each of the seven offices. These would be located in the Midlands, South East, East, North East, North West, South West and Scotland. The North West office would be based on Merseyside.

Girobank expects to open the first of the offices in the Midlands. The regional offices would be linked direct to the operations headquarters in Bootle.

In the past year Giro has increased the number of its personal customers by 25 per cent to more than 850,000.

It recently reported doubled pre-tax profits at more than £10m, which was more than twice that required by the government-set financial target for the bank.

● Barclays Bank has set up a Small Business Unit to co-ordinate its loan, financial and advisory services for small businesses.

● Williams and Glyn's Bank is offering loans of between £2,000 and £15,000 to local authority tenants who have the right to buy their council homes from today, under the provisions of the new Housing Act.

Profitability for 1979 shows marked decline

BY DAVID MARSH

THE PROFITABILITY of companies outside the North Sea sector dropped sharply last year as a proportion of their capital, reaching the lowest level since the Government started compiling statistics 20 years ago.

The rate of return for companies not involved in North Sea oil and gas dropped to 4.7 per cent last year from 6.3 per cent in 1978, taking it below the previous low point of just above 5 per cent recorded in 1974.

The figures are contained in the latest issue of British Business, published by the Departments of Trade and Industry.

The statistics are based on companies' net operating surplus on UK operations, and measure rates of return at current replacement cost after providing for stock appreciation.

Particularly large declines in profitability were registered by manufacturing industry. Here the rate of return dropped to 4.1 per cent from 5.8 per cent in 1978, although this was still higher than the lowest point of just 3.3 per cent in 1974.

The rate of return for all industrial and commercial companies — including the profitable North Sea energy sector — still fell sharply last year, to 6.1 per cent from 6.8 per cent.

● Another gloomy forecast of company profits for this year has been made by Lloyds Bank. Its latest economic bulletin says gross trading profits of industrial and commercial companies, excluding the North Sea, may fall by 30 per cent. Allowing for inflation, this represents a fall in real terms of 40 per cent.

Machine tool orders fall

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

NEW ORDERS from export markets for machine tools held up fairly well in the first half of the year, although the benefits overall were offset completely by the size of the drop in new orders from the home market.

Official figures published today in British Business, the magazine of the Departments of Trade and Industry, warn that the intake of new export orders has not been sufficient to keep pace with export sales.

This has resulted in orders-on-hand for exports falling by 3 per cent in the second quarter.

Outstanding orders for the home market show a particularly depressing picture, having dropped by 9.5 per cent between March and June. The volume of total orders-on-hand in June was equal to 62 (1975 average=100), an indication of the degree of recession which is affecting the machine tool industry.

Tangye redundancies

TANGYE, the subsidiary of Booker McConnell Engineering, yesterday declared 75 redundancies. The company, which manufactures mechanical jacks and hydraulic lifting equipment said it would now concentrate upon the commercial vehicle sector.

UK airlines produce big surplus

By Michael Donne, Aerospace Correspondent

THE UK air transport industry earned a surplus of £325m on its balance of payments (the net inflow of funds to the UK) during 1979, despite the virtual halting of the upward trend in foreign visitors by air to this country.

The surplus was below that of £438m earned in 1978. But collectively, between 1974 and 1979, the air transport industry has earned nearly £1.8bn surplus on its balance of payments.

The figure is calculated by offsetting the money UK airlines earn abroad from ticket sales and freight carriage against their spending overseas on such items as airport and handling charges, fuel purchases, Crews' expenses, commission to agents, advertising, payments under pooling arrangements and other costs.

Last year, the revenues of UK airlines overseas were £1.06bn, against costs overseas of £736m.

These figures appear in the Government's current Economic Trends, which stresses that this payments surplus is not to be considered a "profit" on international operations.

There is a considerable outlay by the UK airlines inside this country to enable them to fly overseas (engineering maintenance, for example, as well as catering and other internal costs) that are not taken into account when calculating the balance of payments figures.

The biggest single item of spending by UK airlines overseas last year was the cost of fuel—about £160m, or 21 per cent of the total overseas outlays of £736m.

Foreign airlines serving the UK incurred a net deficit on their balance of payments account of £63m last year, against a net deficit of £142m a year earlier.

Their outlays in the UK last year amounted to £631m, including fuel, airport charges and other operational costs, while their income here from passengers, freight and other sources amounted to £694m.

British residents accounted for 54 per cent of all passenger air journeys to and from this country using UK airlines in 1979.

The pattern varied according to route. Receipts from UK residents on West European routes were considerably greater (at 67 per cent of the total) than those from foreign residents.

On nearly all other routes, the converse was the case, with revenue from UK residents forming the smallest part of the overall income of UK airlines.

On the routes to and from North America, for example, UK residents accounted for only 38 per cent of the revenue earned by the UK airlines.

EEC plans tougher ship safety controls

BY WILLIAM HALL, SHIPPING CORRESPONDENT

A CAMPAIGN to introduce much tougher controls on ships using the ports of Common Market countries was launched in London yesterday.

Mr. Richard Burke, the EEC Commissioner for Transport, announced his planned directive on the identification and inspection of sub-standard ships to Mr. C. P. Srivastava, secretary general of the Inter-national Maritime Consultative Organisation, the UN body which establishes standards for shipping.

Mr. Burke told Mr. Srivastava of the Community's increasing concern about shipping casualties and oil pollution and outlined the areas where he thought the EEC could help enforce the maritime organisation's safety standards. Mr. Srivastava expressed support.

The draft directive, which Mr. Burke hopes to have enacted before he leaves office at the end of this year, puts much greater emphasis on the enforcement by port states of established safety standards.

It proposes that ships entering EEC ports will, on each visit, have to produce a declaration giving information about the ship and crew. Mr. Burke has also suggested that a computer data bank should be established to provide information about ships approaching ports.

The EEC would also like more frequent inspections of ships entering ports; the draft directive envisages that officials such as ship's pilots will be given more power to report on ships which do not meet the standards set by the international convention in force at that time.

Since well over a third of all shipping movements in the world involve EEC ports, the proposals could have a major impact on the world shipping community if implemented. Mr. Burke wants to make the EEC a place "where sub-standard ships hesitate to enter."

The draft directive has a tight schedule. Mr. Burke wants to present it to the Council of Ministers on December 4 and have it in force by January 1, 1982. The Norwegian, Swedish, Spanish, Portuguese and Greek Governments are being consulted.

Leyland double-deck bus chassis to go on show

BY JOHN GRIFFITHS

A RANGE of double-deck bus chassis aimed at both UK and export markets is to be unveiled by BL's truck and bus arm, Leyland Vehicles (LV), at the Birmingham motor show later this month.

The Olympian range is to use many components developed for LV's Titan double-decker. Production of the latter is at last getting under way at Workington after a troubled history which included the transfer of production from the now closed Park Royal plant.

Production of the Olympian chassis is to start at Bristol early next year. LV said yesterday that it already had indication of orders for about 20.

While the Titan is of "integral" construction, with floor pan and body built as one, the Olympian has a prefabricated steel perimeter frame chassis designed to allow the purchaser to choose the type of body required as well as the body's builder.

This is regarded as of particular advantage in Third World export markets, where industry is under pressure to use local labour and materials.

The Olympian is rear-engined and shares major assemblies such as the rear axle and suspension, transmission and Leyland engine of the Titan.

The Workington plant expects to produce 13 Titans by the end of this year, most of which should go to London Transport which is due to receive 150 of the buses next year.

Car tax proposals diluted

BY LYNTON McLAIN

GOVERNMENT plans to tax all cars, whether or not they are used on the road, are expected to be included in the Queen's Speech in November as part of the proposals for new motoring laws for the next session of Parliament.

But the plans are now expected to be less all-embracing than had been feared, largely because of nearly 7,000 letters of protest received by the Transport Department since July when the proposals were announced.

The original plan was to include "special arrangements for vintage and veteran vehicles and those laid up for long periods."

Now, Mr. Norman Fowler, the Transport Minister, said in a letter to Mr. Iain Mills MP that he was considering extending this special status to take in more "classic cars."

People re-building or modifying vehicles which had been off the road for a long time may now be exempt from the tax on possession.

Nijinsky costume sold for £8,500

THE COSTUME worn by Nijinsky in 1911, when he created the role of Petrouchka in the Diaghilev Ballet in Paris, sold for £8,500 to the National Gallery of Australia at a Royal Gala auction organised by Sotheby's and held at the Royal Opera House, Covent Garden, on Wednesday in aid of its Development Appeal.

The costume had been donated by Nadia Merina and the price was double the estimate. The auction brought in £126,690 and, after expenses, the appeal will benefit by £100,000, a useful contribution towards the £1.5m still needed to complete the initial target of £3m.

The highest price was the £55,000 paid for a hand-built Rolls-Royce Corniche convertible made especially for the occasion. Paul Hamlyn bought Elton John's multi-coloured, rhinestone-encrusted bicycle for £2,600 and Humphrey Burton paid £1,000, well below forecast, for Gontcharova's backdrop executed in 1914 for the first performance of Le Coq d'Or. It measures 36 ft 4 in by 38 ft.

Wine made from grapes picked from the vines of Kensington Palace by Princess Margaret sold for £340 a dozen bottles and £330 a dozen. Tom Merrifield's bronze The Dragonfly realised £3,500.

SALEROOM

BY ANTONY THORNCROFT

At Christie's in New York on Wednesday a Hebrew Bible of 1264, one of the earliest dated manuscripts of the whole Hebrew Bible, sold to Friedberg for £149,377. At Sotheby's in New York on the same day one of the few copies of Flora Graeca published between 1806-40 with 966 hand coloured plates went for £50,209.

In London yesterday, the highest price in Christie's furniture sale was the £3,200 for a 17th century Flemish oak press. The top price at Sotheby's was the £10,500 for a rare ½d on 24d dull blue pair of Tobago stamps of the 1886-89 issue. In the silver, Koopman acquired a pair of George III bell-shaped wine coolers by George Ashforth for £4,400.

In Bonhams' European pictures sale, the Mathaf Gallery gave £7,500 for an Arab street scene by Georges Bretegnier while at Phillips a document signed by Henry VIII in 1545, authorising defence payments in the north, was bought by Wilson, a London dealer, for £1,300.

Fisher-Price centre

FISHER-PRICE Toys is to set up its national headquarters and distribution centre in Northamptonshire—providing about 80 new jobs.

Second tier market wins approval

Financial Times Reporter

THE COUNCIL for the Securities Industry, which oversees the self-regulation of the securities business, has raised no objection to the Stock Exchange's plans for its proposed unlisted securities market.

Formal clearance was gained yesterday afternoon at a Council meeting.

Proposals for the unlisted securities market, which will allow small or relatively young companies access to a second tier market for their shares without having to bear the extra costs of a full listing on the stock exchange, will be implemented on November 10.

Under the original proposals, the unlisted securities market was seen primarily as a transitional market for small or relatively young companies en route to a full listing and formal regulations by the Stock Exchange Council.

Entry qualifications would have been fairly stiff but general policing was to have been lighter than for listed companies.

The transitional nature of the unlisted securities market was abandoned. Companies choosing to join this market—which will have all the capital-raising privileges of the main tier—will not be pressed to move to full listing.

BR criticised for 'dirty, late trains and low standards'

Lynton McLain looks at the Monopolies Commission report on London and commuter services

A BLEAK picture of low standards of service, late trains, dirty trains, absenteeism and a lack of targets for improvement are among the main conclusions of the Monopolies and Mergers Commission report on "London and south east commuter services" published yesterday.

However, higher fares are on the way, if recommendations for the "future direction of fares policy" are adopted by British Rail.

These recommendations could lead to increases in fares reflecting "improvements in the quality of services" and the removal of "anomalies," especially with season ticket fares.

These tickets are the cheapest form of rail travel in Britain, measured in pence per mile. Across the whole of the British Rail network, season tickets cost an average of 3.43p per passenger mile, only two-thirds of the average full fare.

The commission said season ticket earnings per passenger mile were "relatively poor" in relation to other fares. Season tickets were a "possible area for action."

BR was urged to see if season ticket holders were making a "proper contribution" to the London and south east rail commuter business.

But despite those conclusions — the report lists a total of 36, not all of which attack BR — the commission said BR was not pursuing a course of conduct, in providing these commuter services, which operated against the public interest.

One of the central conclusions of the 316-page report is that the Government should "redefine the objective" which the British Railways Board is expected to achieve in operating the "social railway in London and the south east."

These are the "socially-essential" services not expected by the Government to make a profit — unlike Inter-City.

Sir Peter Parker, chairman of the British Railways Board, said yesterday that the "urgent necessity" to redefine the objective behind operating London commuter services went "right to the heart of the problems of the railways in the region."

He said the question "who benefits from the commuter system and who pays for those benefits" had to be answered.

The Monopolies and Mergers Commission, however, had wider terms of reference.

The commission was asked in April by Mrs. Sally Oppenheim, Minister for Consumer Affairs, to: "Investigate and report on the question whether in supplying rail passenger services in London and the south east, the British Railways Board could improve its efficiency and thereby reduce its costs without affecting the quality of service provided or improve the quality of service provided without any increase in costs."

The Government's decision to investigate BR commuter services in London—which account for about 50 per cent of all BR passenger journeys, with a million passengers carried on 10,000 trains each day—marked the first reference to the commission under the powers of the Competition Act, 1980.

The Act allowed the commission to investigate questions about a nationalised industry's efficiency, costs, standards of service or possible abuse of a monopoly.

BR was investigated to find out the extent to which any deficiency in the quality of service was the result of inefficiency; the scope for improvements in efficiency and manpower productivity and the efficiency of the British Railway's Board in adjusting services to match demand; and whether greater efficiency in this would increase net revenue.

The commission concluded that "to some extent" BR's costs could be reduced without reduction of the quality of service. Also the quality of service for rail commuters into London could be improved with no increase in costs.

But the commission accepted there was a limit to how much could be achieved in this way.

"The problem of the interrelation of service, costs and charges cannot be tackled satisfactorily unless the business is being conducted with a clear objective," the commission said.

In particular, the report says legal controls on BR following the Railways Act 1974 which determined how BR was to run the railway, were "no longer adequate for this purpose."

The commission found "uncertainty at the headquarters of the British Railways Board, and in the regions, about the extent of these limitations on the discretion of management. Such uncertainty may easily lead to inaction," the report says.

The commission recommends that the Government and the Board should discuss the related concepts of "criteria for investment, objectives for the social railway and targets for the commercial — Inter-City — railway; and that the Government should give clear guidance to the Board on investment."

But British Rail is criticised for a list of failings. These include:

● Quality of commuter services in terms of punctuality and level of cancellation this is now below the quality offered in 1974. Staff shortages, absenteeism and "a degree of deterioration of the asset base" are contributory factors.

The commission sees little scope for improvement without timetable changes, more success in recruiting and more efficient use of manpower.

Performance fell "well short" of the standards set out in BR's "Towards a commuters charter" issued last year.

BR had no targets aimed at reducing train cancellations.

Standards for carriage cleaning laid down by the British Railways Board are "not at present feasible."

● The efficiency with which BR uses its physical resources. BR did not analyse maintenance costs for vehicles in sufficient detail. Maintenance cost controls were based on control of labour costs "with no direct control of material costs." These "major weaknesses" have to be remedied.

● Poor cleaning of the insides of carriages—a result, in part, of "poor management monitoring procedures."

● Few women were employed on the railway. "The Board should re-examine the potential for meeting its labour needs by increasing the use of females in the workforce. This should include the employment of women on a part-time basis to help meet demand at commuter peak periods."

● Efficiency in the use of manpower must be increased in ways leading to cash savings. These savings must in some measure be used to increase pay levels and working conditions. But they must in part be available for the reduction, or holding, of costs.

● BR should consider increasing the use of contract labour for weekend working.

● BR should urgently consider cutting down the number of carriages operated. BR operated excess capacity on some peak hour inner rail services in 1979.

● Manpower problems. Labour turnover and absenteeism were not out of line with other industries. But they created special problems for the railways. Absenteeism among train crew led to train cancellations. Low basic wages, long, irregular and unsocial hours led to labour difficulties.

● BR is also criticised for not matching the recent decline in traffic with corresponding reductions in resources.

The Monopolies and Mergers Commission, "British Railways Board: London and south east commuter services," Cmnd. 8046, HMSO, £8.60, October 1980

Loser of boilermakers' poll to seek injunction

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE UNSUCCESSFUL candidate for general secretary of the Boilermakers' Society is to seek a legal injunction aimed at preventing the winner of the election from assuming office.

Mr. Barry Williams, the union's full-time delegate for Liverpool and North Wales, is seeking the injunction against Mr. James Murray, the executive member for Scotland and chairman of the executive council.

Mr. Williams said last night he expected the hearing, at the High Court, would take place some time next week. The union's biennial conference, delayed from earlier in the year, begins in Rothesay the week afterwards.

The injunction is likely to bring to a head a long-running dispute in which allegations of irregularity in the ballot for the post were made both by supporters of Mr. Murray and by those of Mr. Williams.

They emerged as the two contenders after a first ballot had eliminated three other candidates. On the second ballot—a low poll of under 4,000, or 3 per cent of the union's membership—Mr. Murray emerged the victor by 128 votes.

Both candidates' branches made a number of alegations of irregularities. These were considered by the union's executive council, which then confirmed Mr. Murray as the successful candidate by an increased majority of 406 votes.

Neither Mr. Murray nor any member of the union's executive has commented on the issue. Mr. Murray is to the Right of the Labour movement, while Mr. Williams is a member of the Communist Party.

The election was necessary because of the retirement, later this year or early in 1981, of Mr. John Chalmers.

Mr. Murray fulfilled many of the general secretary's duties when Mr. Chalmers was abroad last month. He has already taken Mr. Chalmers' seat on the TUC General Council.

Print unions press for new London newspaper

By Christian Tyler, Labour Editor

PRINT UNIONS are to sound out newspaper proprietors in the hope of getting a new London evening newspaper launched to compensate for the loss of the Evening News and nearly 1,800 jobs.

Problems of both cost and timing make it unlikely that the News itself can be resurrected, even if its owners Associated Newspapers agreed.

But union officials were hopeful yesterday that some kind of arrangement could be reached between an interested publisher and Associated for the use of plant or buildings.

The names of those being approached have not been divulged, but are certain to include Mr. Rupert Murdoch, publisher of the Sun and the News of the World.

Meanwhile, print union leaders in Blackpool for the Labour Party conference, drew up a strong statement condemning the closure, which was signed by 18 members of the Labour Party National Executive Committee. The statement expressed disgust at what it called the premature announcement by the Department of Trade and Industry.

The so-called merger of the News and the Evening Standard, the statement said, meant the creation of "a monopoly right to the expression of opinion in the metropolis." It went on: "This situation is one of great danger to democracy, with clear pointers to the opportunity to manipulate news and information which will deal a crippling blow to the principle of freedom of the Press through a variety of points of view."

The unions are to meet Associated Newspapers management in London today.

The unions are also worried by the decision to move printing of the Daily Star, the new Express group morning paper, back to Manchester.

Union plan calls for £650m aid for BL

BY CHRISTIAN TYLER, LABOUR EDITOR

BL WILL be asked by trade union leaders to back a joint approch to the Government for a rescue plan for the state-owned motor manufacturer.

The plan calls for another £650m of Government aid for model development. It recommends a search for a large overseas partner in order to double present capacity to at least 2m vehicles a year.

The core of the proposal, the most far-reaching since the Ryder plan, is to make BL attractive to another large motor company, or group of companies.

Only by this means, the unions believe, can BL be saved as a volume producer maintaining a million or more jobs in the company itself and in the industries that supply it.

Details of the plan were made public in Blackpool yesterday where the unions are attending the Labour Party conference. A copy of the report, drawn up by the Transport and General Workers' Union and the white collar section TASS of the Engineering Workers, will be sent to Sir Michael Edwardes, BL chairman, in the hope that he will back it in talks with Sir Keith Joseph, Industry Secretary.

The report discusses a whole range of possible partnerships for BL without coming down in favour of one. But it rules out a deal with Ford since that is already a world company with a "world car." It is also against a permanent deal with Honda because of sales quarrels over the Bounty model which is to be produced by the two companies next year.

But Mr. Ken Gill, general secretary of TASS, yesterday favoured a tie-up with Nissan or with Renault. The Nissan option would include SEAT and Alfa Romeo and produce a total of 3m cars a year.

The Renault option would also involve Volvo and AMC.

The report says these options have powerful commercial logic behind them in terms of both car and commercial vehicle production, but that there could be political difficulties in a tie-up with Renault.

The idea of a 50-50 world partnership for BL marks a considerable departure for the trade unions. In the past they have argued that BL should be expanded to become a world contender from a purely UK base. But the urgency of the company's problems and the possibility of even further contraction have forced them to explore this new solution.

Shell's 11% offer rejected by white-collar staff

BY NICK GARNETT, LABOUR STAFF

SHELL yesterday made a pay offer worth 10-11.7 per cent to 2,300 white collar staff at its refineries and its Carrington chemical complex in Manchester.

The offer, which would add 11 per cent on the wages bill, is in line with proposals made to manual workers.

Negotiators for the Association of Scientific, Technical and Managerial Staffs, the sole representative of white collar staff, rejected the offer. The Transport and General Workers' Union, representing manual workers, has already rejected the proposals.

Shell's offer also included a 37½ hour week in October 1983 and an increase in shift pay from £1,405 to £1,650.

The company rejected the union's claim for a Mini Metro for each staff member and for a fifth week's holiday.

Salaries for staff, not including managers, range from £4,000 to £10,000, with shift pay.

—BP at Grangemouth has withdrawn its offer to manual workers of 10 per cent and a possible renegotiation in March.

The new offer, which has also been rejected by the transport union, is worth 11 per cent on existing salaries, with a further 6 per cent from next March in an 18-months deal.

A mass meeting of workers at Grangemouth rejected the offer earlier this week. The transport union is pressing ahead with its joint BP-Shell shop stewards' meeting in London next week at which discussions will take place on possible co-ordinated industrial action unless the companies make substantial pay improvements.

Shell has offered its tanker drivers 12 per cent and negotiations are scheduled soon at Texaco.

AUEW meets on merger row

THE engineering section of the Amalgamated Union of Engineering Workers is to discuss whether to take legal action over the blocking of its proposed merger with the foundry and construction sections of the AUEW.

The merger of the three craft sections has been indefinitely postponed after the fourth section, the white-collar union AUEW-TASS, objected to the Certification Officer that the merger would be against its interests.

TASS claims the merger of the three craft unions would discriminate against its position in the amalagmation. The Certification Officer, who oversees union and trade association mergers, upheld the TASS case.

The officer, Mr. John Edwards, yesterday met the legal advisers of the engineering section.

Cut in overtime sought

BY NICK GARNETT, LABOUR STAFF

UNIONS in the rubber industry are instructing full-time officials and shop stewards to seek overtime cuts and reduced working hours in a further attempt to establish agreements which they argue will help maintain jobs in the industry.

The instructions, which also include a £75 basic rate as a pay target, are being issued in advance of the annual negotiating round by the national rubber unions joint committee.

Mr. David Warburton, industrial officer of the General and Municipal Workers' Union and secretary of the joint committee, said yesterday that 20,000 jobs had been lost in the rubber industry in little over a year.

During this period, pay deals in the industry had been up to 7 per cent less than the average, which disproved the notion that low pay means more jobs, said Mr. Warburton.

Tough warning on pay by Prior

BY PAULINE CLARK, LABOUR STAFF

A WARNING that the Government will be taking a "very tough" attitude towards public sector pay in the new wage round was sounded yesterday by Mr. Jim Prior, Employment Secretary.

The statement met with a swift and angry response from unio nleaders of 1.75m public service manual workers. They are currently drawing wage claims of at least 16 per cent in defiance of the Government's policy to keep settlements this year within single figures.

Mr. Charles Donnet, national officer in the General and Municipal Workers, said yesterday that unions would go ahead with inflation-linked pay claims for 1.5m council workers and 2500,000 hospital ancillary workers this autumn.

It was "absolutely essential" to maintain adequate standards in the public services, he said. "We cannot afford to be put off by threatening statements of this kind from the Secretary of State."

Mr. Prior, at the Union of Independent Companies at its annual meeting in London, said the Government had no alternative but to take a very tough and strong attitude towards public sector pay in the coming wage round.

If pay could be kept within sensible limits, the more likely and the more certain was the prospect of getting inflation down and stopping unemployment from rising higher.

The message had to be got across that it was productivity that counted and that it was Briain's competitive position against other countries which had sunk so low that was at the root of the present economic problems.

He said the real challenge for the Government was to establish a lasting framework for managing the country's industrial affairs once the depression lifted.

Mr. Prior has campaigned to urge industrialists not to be heavy-handed in their management of industrial relations and in their use of the new employment legislation. He told the meeting's delegates that the average British worker was extraordinarily independent if pushed too far or if he thought he was not being treated fairly.

UK NEWS—LABOUR PARTY CONFERENCE

Success for the moderates on electoral college

FINAL DECISIONS on the composition of the electoral college which will choose future leaders of the Labour Party are expected to be taken at a special conference which will probably be held in January.

An attempt by the Left-wing dominated NEC to stampede conference into voting for the immediate establishment of the machinery was rejected after a bitter and stormy debate.

Moderates, supported by some of the biggest trade unions, won the all-important vote by a margin of 675,000 (3,910,000-3,235,000).

Many Left-wing militants were furious as it became clear that they would be denied the opportunity to capitalise at once on their striking victory 24 hours earlier when the election of the party leader was wrested from the sole control of Labour MPs.

Baroness Jeger, the past chairman, ordered the delegates to stop the boos and catcalls and stand-up protests.

Urging them to remember that the proceedings were being televised, she snapped: "This Labour party has to look like a credible alternative government."

Leaders of some of the great trade unions, MPs and constituency delegates took opposing sides as the battle was joined over the attempts to railroad conference into an immediate decision on the final details of the biggest change that has ever been made in the party's constitution.

Mr. Eric Heffer, MP for Liverpool Walton and a leading Left-winger, called for the adoption of the formula worked out by the NEC in fevered debates which started on Wednesday night and were resumed early yesterday morning.

Under this formula, the electoral college would have comprised:

- Affiliated organisations (trade unions, socialist societies co-operatives and other organisations) 40 per cent;
- Constituency parties 30 per cent;
- Parliamentary Labour Party 30 per cent

Mr. James Callaghan joined in the laughter when Mr. Heffer revealed that in its search for a foolproof system, the NEC had also devised arrangements to cover the possibility of the party leader dropping dead during a general election campaign.

In such circumstances the NEC, after consulting the Parliamentary Labour Party, would "immediately take whatever action is necessary to fill the vacancy."

Some moderates did not conceal their suspicions that this could be a device to prevent the Parliamentary Labour Party using its existing powers and electing Mr Denis Healey as Mr. Callaghan's successor before the new electoral college could be established.

Mr. Heffer was insistent that the arrangement was intended to deal with the sudden death of the leader and nothing else.

Urging delegates to make an immediate decision, Mr. Heffer said if the wrangle over the method for electing the leader was allowed to drag on for another year, the party would not be able to tackle effectively its main task of getting rid of the Thatcher Government.

Mr. Tom Jackson, of the Union of Communications Workers, was the first of the union leaders to press delegates not to be stampeded by the NEC.

He said: "The NEC are producing constitutional changes with the speed of a conjuror producing white rabbits from a top hat.

"That is not the way our party should do business."

Mr. Jackson said delegates were entitled to consult those who had sent them to conference before making up their minds on how to vote on the details of the electoral college.

Mr. Jackson was the first to suffer at the hands of the Left-wing militants. But, he stuck to his theme that conference would be doing a disservice to democracy if it voted in favour of the NEC resolution.

The split in the ranks of union leaders emerged as Mr. Moss Evans, general secretary of the TGWU which has 1,250,000 votes, firmly aligned himself with the NEC.

He stressed that as the NEC resolution on the electoral college had only emerged since the start of the conference, none of the delegates could possibly have received voting instructions from those who sent them to Blackpool.

Mr. Evans said the TGWU delegation had studied its attitude—with each member acting on the basis of being an individual member of the Labour Party—during a lunch-time consultation.

"We will spupport the NEC recommendation," he said.

Mr. David Basnett, leader of the GMWU, refused to accept that the consultative process described by Mr. Evans was adequate.

"Allow us to have a wider debate with our members on this issue and not a lunch-time debate standing in a corner," he said.

Sir John Boyd, of the AUEW, also came under fire from hecklers when he spoke against the NEC motion.

He said his delegation was instructed how to vote by a rank and file policy-making body which had mandated his delegation to leave the election of the leader in the hands of the Parliamentary Labour Party.

On an issue as big as the composition of the electoral college—the establishment of which would be accepted by his union in view of the conference's decision—it was right that the delegates should go back to its policy making body.

In a despairing mood to head off the union big batallions, Mr. Heffer said there was another way out for those who wanted to be instructed how to vote on the NEC resolution.

"If you are not mandated perhaps you could sit on your hands and not vote," he said.

Left-wing delegates gave Mr. Andrew Faulds, MP for Warley East, the roughest handling of all as he launched an attack on Trots, militants and, finally, Mr. Anthony Wedgwood Benn.

He accused Mr. Benn of having welched on the Labour Government.

Left-wing Labour MP Mr. Martin Flannery lashed out at the moderates whom he claimed had been responsible for some of the most shameful scenes which had occurred during the conference.

"I have never seen such sheer viciousness in defence of moderation in my life."

He turned his fire specifically to the AUEW delegation and insisted that they ought to feel "ashamed" at what took place in the hall on Wednesday.

Mr. Flannery argued that only the enemies of the Labour Party and the enemies of working people would gain from the attempts being made to prevent the moves to democratise the party.

Reports by John Hunt, Ivor Owen and Margaret van Hattem. Photographs by Hugh Routledge.

Gang of Three demand firmer leadership

THE RIGHT-WING of the Labour Party, its back to the wall after humiliating defeat this week at the hands of the Left, yesterday rounded on the party Leader, Mr. James Callaghan, and demanded firmer leadership.

Dr. David Owen, Mrs. Shirley Williams and Mr. Bill Rodgers, who have been consistently booed and hissed from the floor at this week's conference, said the party was in a "desperate mess" due to the uncertain leadership of the past few months.

It was up to Mr. Callaghan to announce within the next few days whether he intended to stay or go.

He must either put his full weight beind the fight to turn the party round, or clear the way for someone else.

The Right has lost substantial ground this week to the Left, spearheaded by Mr. Tony Benn, on the issues of EEC membership, unilateral nuclear disarmament, and the election of the party leader.

At a hastily convened lunch time meeting yesterday, Mrs. Williams, Dr. Owen and Mr. Rodgers announced that they would stay within the party for the time being.

But they issued a clear ultimatum. They would not fight an election on what they considered an indefensible manifesto. Those who wished them to stay must "show some guts" and fight.

Ultimatum from Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers. Those who wished them to stay must "show some guts and fight."

The reasons for the Left's victory were clear. "Tony Benn does not lack for conviction, nor for hard work and energy," Dr. Owen said.

"We must show the same degree of conviction—in the opposite direction—hard work, energy and guts. We won't beat him without it.

He railed against the "insular nationalism sweeping through our party," and against the slackness of those "to used to not defending the mixed economy."

Labour attacks on the private sector could be just as damaging as Mrs. Thatcher's attacks on the public sector had proved.

Mrs. Williams launched a strong attack on the NEC and on those of its members indulging in an "unedifying scramble for power."

Their attempts to alter the party constitution and to set up an electoral college to determine the party leadership were aimed solely at getting certain people into key positions and keeping others out.

"They seem to want to be the captains of a sinking ship—they are the ones who opened the bilges," she said.

They had scraped up proposals, trying in every conceivable way to get "someone" in as leader, with no attempt to consult the party.

Worst of all was the fact that the communist leader, Mr. Mick McGahey, had just convened an NUM meeting to rally support for the newest proposal.

The communist party was at liberty to run its own affairs. "What I'm bloody well not going to have is a situation where the communist party determines the Labour leadership," she cried

"Jim has a great responsibility to clarify his position within the next few days."

Speaking for the three, she said they would stay in the party and fight in the hope that the Parliamentary party and the rank and file would join them.

"All of us have got nearer to the end of the road as a result of the nature of this week's conference," she said. "But we have not got to the end yet."

The most important thing at this stage, Mr. Rodgers said, was not to compromise,

"We must not, at the end of this week, start compromising and accepting what was, at the start of the week, unacceptable. I have this strange and unpleasant feeling that we are on a moving staircase going down."

Callaghan denies 'teasing' party about his future

DELEGATES were kept guessing yesterday over whether Mr. James Callaghan intends to stand for re-election as Party leader at the start of the new Parliamentary session next month.

He made an unexpected personal statement to the conference, after a delegate had criticised him strongly for not making his intentions known. The criticism brought loud cheers from the rank-and-file, who obviously shared the delegate's unhappiness about the present situation.

Replying, Mr. Callaghan denied that he was "teasing" the party about his future. Nevertheless, his words threw little light on his inner thoughts about the subject.

The only thing he did make clear was that, as a result of the conference's confusing events, whoever was chosen by MPs in November would, in effect, be a "caretaker" leader for a few months only.

This results from the decision of yesterday's conference to accept the General and Municipal Workers' motion arranging for a special conference in three months' time to decide the details of a wider electoral college for choosing the leader.

This was approved on a card vote by 6,004,000 to 985,000. Mr. Callaghan indicated that the leader chosen in November would have to resubmit himself for election under whatever procedure was decided by the special conference.

Mr. Chris Rushton, a delegate from Glasgow, backed the GMWU motion and said the party had to meet in three months' time to try again over the system of election. This was the best way of uniting the party.

He added: "I think it is quite wrong for someone to tease the party and not come out and say what his intentions are."

Mr. Callaghan joked about speculation which had arisen during the debate about what emergency procedure should be adopted if the party leader died.

"If there is one thing about this conference, it is that the Labour Party is not dead," he said.

Mockingly, he turned to members of the NEC on the platform and told them: "However much you may wish me dead, I am very much alive. Please give me a very nice funeral and a wreath from the NEC."

The Parliamentary Party, he said, clearly had to take into account Wednesday's conference decision in favour of the principle of a wider franchise for electing the leader. It could not be ignored. The rules of the Parliamentary Labour Party said that an election had to be held at the beginning of each Parliamentary session.

Dealing with his own personal intentions, he protested: "I am not teasing anybody. I have a constitutional responsibility to do what is best for this party. I am the existing leader, and I must come up for election in November if I stand.

"We are discussing a hypothetical situation. If I were to stand and be elected, then clearly the conference next January would be able to take a different decision."

But it was essential for MPs to be able to elect their leader in November, in order for the business of the party to be carried on—"surely we can get agreement on that."

There was laughter, as Mr. Eric Heffer, MP for Liverpool Walton, giving the NEC's backing to the motion, said: "We have no wish, Jim, for you to fall under a bus or anything like that for some time to come—not until we have the meeting in January.

The GMWU motion before the conference recognised that the previous day's decision to widen the franchise for the election of the leader was valid. It called on the NEC to arrange a special rules revision conference in three months' time to allow constituency Labour Parties and affiliated organisations to consider the options and submit constitutional amendments.

Briefly proposing the resolution, Mr. David Basnett, general secretary of the GMWU, advocated it as the best and most sensible way to proceed.

There was some opposition, however, from delegates. Mr. Martin Hudson, East Herts., said some constituencies were very concerned about it. He thought it flew in the face of the main conference decision of Wednesday, which said the method of election should be decided forthwith.

"For God's sake, we have been discussing this issue for years. We are sick up to here. For Christ's sake, why don't we say now that we want to get an electoral college this week." he said.

He saw no point in further consultation with the rank-and-file when everyone knew that the constituency parties wanted an electoral college now.

Left win on unilateral nuclear disarmament

Lestor: attacked secret updating of Polaris missiles.

BEWILDERED LABOUR moderates were plunged further into despair yesterday when their efforts to prevent the Party reverting to support for unilateral nuclear disarmament were contemptuously swept aside.

A show of hands was sufficient to secure conference approval for a Left-wing backed resolution calling for a unilateralist commitment to be included in the next election manifesto.

Delegates also backed a further resolution insisting that the manifesto should include a pledge to close down all nuclear bases, British or American, in the UK.

A crushing defeat — by 6,279,000 votes to 826,000 — for a resolution demanding that Labour, whether in or out of office, should renounce membership of NATO, offered some relief from the Left-wing domination, which has been the outstanding feature of the conference proceedings.

So, too, did the fact that delegates adopted a resolution, again on a show of hands, which called for urgent East-West negotiations linking a ban on the siting of U.S. cruise missiles in Britain with abandonment by the Soviet Union of its SS-20 missile system.

Mr. William Rodgers, the shadow Defence Minister and member of the so-called "gang of three"—a regular target for Left-wing venom—was hissed when he made his way to the rostrum.

He responded with unusual restraint and avoided any reference to the "fight, fight, and fight again" tactics employed by Hugh Gaitskell when he embarked on overturning the party's first commitment to unilateralism at Scarborough 20 years ago.

Mr. Rodgers reminded delegates that, as the party's defence spokesman in the Commons, he had already opposed the Government's decision to replace Britain's Polaris weapons with the United States' Trident missile system.

Here was one area of agreement, he said, and he hoped that they could agree as well that everybody in Britain wanted to retain their freedom.

Mr. Rodgers declared: "There is no point in debating democratic socialism and seeking to create it, unless in the last resort we are prepared to defend it, too."

He contended that the party would be heading for electoral suicide, if it were to be saddled with a commitment to unilateralism and withdrawal from NATO, which would be seen by most people as endangering peace and freedom.

To cheers from the moderates, he told delegates: "I have to say to you that we would be rejected overwhelmingly by the people whose support we need to win."

Mr. Rodgers hit out at Mr. Moss Evans by reminding him that his greatest predecessor as leader of the TGWU, Ernest Bevin, played a major part in creating NATO in 1949.

"Do not let us give up today the means by which we have kept the peace for 30 years in Europe."

Mr. Robin Cook, MP for Edinburgh Central, was cheerel when he maintained that it would be wrong for delegates to allow electoral considerations to deter them from a firm commitment to oppose the nuclear arms race.

In any case, he did not believe Labour had a hope of winning support from people on the doorsteps and in the factories so long as they saw the party hedging and fudging its position on nuclear arms.

Mr. Cook stressed: "I believe in multilateral disarmament but we have got to look at the record. We have had multilateral negotiations for 20 years and there has been no disarmament."

Conference gave an emotional welcome to the veteran Labour peer and former Nobel Peace prizewinner, Lord Noel-Baker.

After being helped to the rostrum, he told how a general had denied that NATO's preparations envisaged one hundred million people dying on the first day of war.

Lord Noel-Baker said the general had told his questioner: "One hundred million? Ridiculous—forty million at the most."

Lord Noel-Baker quoted statements made by the late Lord Mountbatten to support his case that there was growing acceptance, even among leading military specialists, that there was an urgent need for nuclear disarmament.

These were the views which should be heeded, he said, and not the defeatism of Mrs. Thatcher.

Mr. Roy Grantham, of APEX, stressed that if the Russians agreed to dismantle their SS-20 missile system there would be no need for U.S. Cruise missiles to be located in Britain.

If a situation developed in which only the Soviet Union had nuclear weapons and the West had to rely on solely conventional forces, it would have profoundly de-stabilising effect.

Miss Joan Lestor, MP for Eton and Slough and the NEC spokesman in the debate, criticised arguments used by Mr. Callaghan during his speech on Tuesday and attacked the secret updating of Polaris missiles undertaken by the Labour Government.

To cheers she declared: "There must be no more secret deals under a Labour Government.

"We must not pave the way to make it easier for the Tories to take on such a commitment as Trident."

Miss Lestor won further cheers when she maintained that the U.S. must be told: "If these Cruise missiles are put on our shores the next Labour Government will remove them."

She complained that unilateralism had never been tried — even though multilateral negotiations had been undertaken for 20 years and proved a dismal failure.

And she told Mr. Rodgers that if, 20 years ago, he had opposed the Polaris missiles in the way he was now opposing Trident, he would have been branded a unilateralist.

Overseas aid must increase

JOBS FOR WORKERS in Britain will increasingly depend on expanding trade with Third World countries, Dame Judith Hart, former Overseas Development Minister, told the Labour conference yesterday.

Already one million jobs in the UK were tied to trade with the Third World, she said.

Dame Judith said Third World development was crucial to Labour's socialist philosophy. "How can you build an island of socialism in a world of capitalism?" she demanded.

Delegates passed overwhelmingly a motion calling on the next Labour Government to step up overseas aid, reduce or write off the national debts of Third World countries and impose statutory codes of conduct for British multi-national companies in those countries.

Mr. Frank McElhone, Labour's Parliamentary Spokesman on overseas development, launched a fierce attack on Mrs. Thatcher's attitude to developing countries.

Peace advocates put their case with venom

BY JOHN HUNT

AS THE DEFENCE debate got under way at yesterday's conference, one wondered whether we were in for a replay of the nuclear disarmament controversy which took place at the Liberal Assembly in Blackpool only three weeks ago.

On that occasion, fresh-faced delegates had come up with the startling suggestion that a Russian invasion of Britain could be halted if only the civilian population refused to co-operate with the Soviet troops.

Could Labour delegates match that one for sheer soppiness? Well, not quite. But at times some of them came pretty close to it.

One of the troubles is that Labour's youthful advocates of peace and brotherhood always manage to put their case with such concentrated venom.

The conference was frequently hectored about the need to "fight for peace"—a slogan that has an authentically Orwellian ring to it.

These occasions are generally the opportunity for an orgy of "Yank bashing" by the Left-wingers, a theme which ran through the speech of the opening delegate. Mr. James McAllister, of Basingstoke, moved a resolution that the party should renounce membership of the North Atlantic Treaty Organisation.

Was there a Russian threat to Britain? Not a bit of it. According to Mr. McAllister, it was just a bogeyman invented to frighten people into accepting Britain's defence programme.

"What the hell would the Russians want to come here for?" he asked. "Of course, they don't—it's a myth."

If they did arrive on our shores, they would only inherit the problems of 2m unemployed and other horrors of Thatcherism.

There was nothing they wanted here, he argued, conveniently ignoring a shrewd suggestion from the hall that they might possibly want to get their hands on Britain's North Sea oil.

It soon became obvious who was the real villain of the situation — America, the country which had been responsible for subverting the democratic government of Chile, bombing Vietnam, and dropping the atomic bomb on Japan.

After all this heady stuff, an antidote was provided by Dr. Peter Borcherds from Birmingham Northfields. He warned against "cosy self-indulgence" and reminded delegates that the "peace-loving USSR" was installing a new SS-20 missile pointing at Britain every five days.

When the vote was called on the proposal to quit NATO, it seemed on a show of hands that delegates were fairly evenly divided. But a card vote was held and, with the unions throwing their weight against it, the proposition was defeated by a massive 6,279,000 to 826,000.

Although Mr. McAllister had conveniently avoided the subject of Soviet military might, he could not get away with it once the massed divisions of the British trade union movement started to roll across a Labour conference.

Delegates continued the debate on the question of unilateral nuclear disarmament. The ground had been well prepared by the unilateralists with a propaganda campaign outside the hall selling anti-nuclear hats and balloons and even sticks of rock with the words "Peace Not War" embedded in them.

Finally, having settled the momentous question of global conflict, the conference moved on to further consideration of its own bitter internal struggles over the party constitution.

And—as history has shown—internecine warfare of this nature is always far more bloody than any clash between nation states.

Labour MEPs' promise

BRITISH Labour MEPs issued the following statement in Blackpool saying they will stay in the Socialist Group.

"As Eric Heffer made clear, the Labour Party believes that as long as Britain is a member of the European Community, there must be Labour members in the European Parliament to defend Britain's interests, to fight the Tories' attempts to shift wealth and capital out of Britain and to press for the reforms which the party has demanded.

"The work we have been doing in these fields becomes more important than ever. We shall redouble our efforts to cut redouble our efforts to cut Britain's still excessive contribution to the Community's budget and to get a fairer share of the money for industrial development, the depressed regions and social policy

"We shall continue to press for fundamental reforms in the CAP, for more help for our hard hit regions

CALLAGHAN: criticised for not making his intentions known.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● RETAILING

Japan moves in on the British till

NOW A principal contender in the European cash register market place, Japan-based company Omron has decided to consolidate its UK activity by forming a direct subsidiary, Omron Terminals (UK) with sales and service activity.

It will continue selling through agents only where it is felt they can deal with today's increasingly sophisticated point-of-sale systems. The move has a marked similarity to that recently made by Ricoh in terms of office copiers.

Omron is now claiming some 15-20 per cent of world production of electronic cash registers and points out that by getting into the ECR market early and efficiently it has prepared itself for the next boom in sales which it predicts will occur from 1981 onwards. Although there are already some 800,000 registers in use in the UK many of the "decimalisation boom" machines are coming to the end of their lives—and the machines now on offer to replace them are a different kettle of fish altogether, showing a very clear convergence towards the computer-based point of sale (POS) systems offered by the mainframe makers.

Omron managing director in Europe, Dr. L. D. Thiele is convinced that the company has a clear advantage when it comes to technology convergence: it is tackling the retail computerisation market from the retailing end upwards rather than the computer industry downwards—and is armed with today's cheap and compact processors as an added bonus.

The Japanese position in the world market for ECR is beginning to look almost unassailable if their own figures are to be believed. Dr. Thiele asserts that world production is now about 900,000 units per annum of which no less than 90 per cent, it is claimed, are made in Japan, 150,000 of them by Omron alone. Furthermore, the company exports an extraordinary 95 per cent of its production.

This huge export percentage has given the European division an acknowledged right to determine machine design for its own market so that today it can offer specialised machines for European supermarkets, department stores, restaurants, car parks, betting shops, leisure centres—in fact claims the company, any special demand that might arise.

The point here, of course, is that the days of one fixed design of machine that had to suit any business are fast receding with the availability of cheap, programmable processors. Nowadays, even the keys can have whatever meaning the customer needs, placed in the position that suits him.

Without doubt, however, Omron's most ambitious product to date will be the System 80 which is due to be launched in the next few weeks. The main rationale behind the machine is that its power is self-contained, enabling it to produce comprehensive management data on the spot without—as one Omron executive archly remarked—reference to a mainframe situated elsewhere.

Up to 31 of these terminals, used at point-of-sale can be connected to the model 8000 Consolidator which in effect can demand from any or all of them a wide variety of up-to-the-minute information, ranging from what has been sold to the efficiency of a particular cashier. At any moment for example, the manager, seated in his office, can find out the takings so far, or the takings on a particular product line.

The manager is equipped with a small detached VDU and from the 8000 keyboard can call up almost any desired format of the cash situation.

An interesting manifestation of convergence with other kinds of machine is that this one can be used as a stock control system: part of the program can be used to indicate exactly how much of each product line in left in stock, with low and high alarms and so on. Normally the System 80 has about 450 price look-ups, but a compact box containing additional memory raises this to 3000 and by March the company says this will have been increased still further.

A further facility concerns the customers' accounts: any kind of payment method is possible, but also the machine can be programmed with up to 99 reasons why an account should be considered doubtful, with alpha-numeric alarm read-out on the screen.

In all the Model 80 can come up with 44 different styles of management report and, if the scheme is to be changed, a new program can be loaded in from a cassette using a further plug-in unit. It is also possible to plug in an invoice printer, use optical scanning of products, and interconnect weighing scales and coin dispensers.

Finally, explains the company, the machine can, "if necessary," be connected over a telephone line to a mainframe computer—of any make.

The company is now building up both its sales and service force. The latter is unlikely to exceed 25 or so, according to Dr. Thiele, a similar complement having proved sufficient in Germany—a considerable reflection, it is to be assumed, of machine reliability.

More from the company at 60, Coombe Road, New Malden, Surrey (01-949 2176).

GEOFFREY CHARLISH

● RESEARCH

Some light relief

"THE LIGHTING profession as a whole has no real sense of gravity," says Mr. Peter Burian who, as a totally independent lighting consultant—a lighting architect—is undertaking a dispassionate review of the office lighting situation in this country.

Since the death of the British Lighting Council about 12 years ago, and the virtual disarmament of the Illuminating Engineering Society, there is no reliable source of information or facts on the matters which affect all who work by artificial light.

Upon the completion of this survey, which will take about six months, Peter Burian is confident that he will have most of the answers and have clearly established the degrees of awareness and practice of energy saving techniques balanced with the wellbeing of people obliged to spend most of their working lives under artificial illumination.

His survey will cover installations deemed to be efficient and satisfactory as well as those seemingly wanting, and he is looking for responses from principals and proprietors who will invite his team to "examine confidentially" their lighting installations.

Two installations a week need to be examined in the next few months preparatory to publication of the paper in Spring 1981.

Participants with good, bad or downright disreputable office lighting should contact him at Peter Burian Associates, Hillview, Vale of Health, London, NW3 (01-435 4493).

Balancing animal diets

HAVE YOUR pigs got that hang-dog look and your poultry pernicious anaemia? Or do your cattle frisk about the field?

The answer, of course, lies in the fix they get on the farm. Animal feedingstuffs not only determine the quality and performance of stock but also add up to a 70m tonnes market in six European countries.

This fodder accounts for 92 per cent production in the EEC enclaves Belgium, France, West Germany, Italy, the Netherlands and the UK.

More about all this in a multi-client study on animal feedingstuffs in Europe being undertaken by IAL (Industrial Aids), 14, Buckingham Palace Road, London SW1 (01-828 5036).

Whether mixed by the feedingstuffs manufacturer or blended by the farmer, raw materials include compound feeds, protein concentrates, "straights," additives and supplements.

Beasts need more than a balanced diet—it would seem that aesthetics and essences are vital, because their food also contains colouring agents, flavours and binders.

This will assess the market and production of feedingstuffs by type (compounds, concentrates, straights, etc.) kinds of animals (cattle, pigs, poultry, etc.) and raw materials which include cereals, oilseeds, fish meal, meat meal, synthetic protein, fat, milk powder, molasses and brewery/distillery by-products.

Information will be gleaned on makers, mixers and vendors as well as sales outlets, distribution channels, price and pricing policies and brand images.

The study will look at present and planned technological changes in formulation or use, existing national and EEC legislation and criteria and possible future trends.

It may be extended to Spain and/or Denmark if there is sufficient bite here from subscribers.

Total cost before end of October 1980 is £3,000 for the six-country report—or £800 to £1,000 for individual country volume. Latecomers will pay £3,750 or £1,000 to £1,250.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

Weighing its chances in a massive market

Alan Cane on a technology threatening to oust orthodox weighing machines—and how one UK company plans to exploit it.

THE DEVICE illustrated on the right represents to makers of traditional weighing machines what digital watches meant to the craftsmen of Switzerland.

It is a load cell, the guts of modern systems designed to measure weight and force, and it threatens to sweep orthodox weighing machines out of factories and businesses in as little time as it took digital watches to oust their mechanical equivalents.

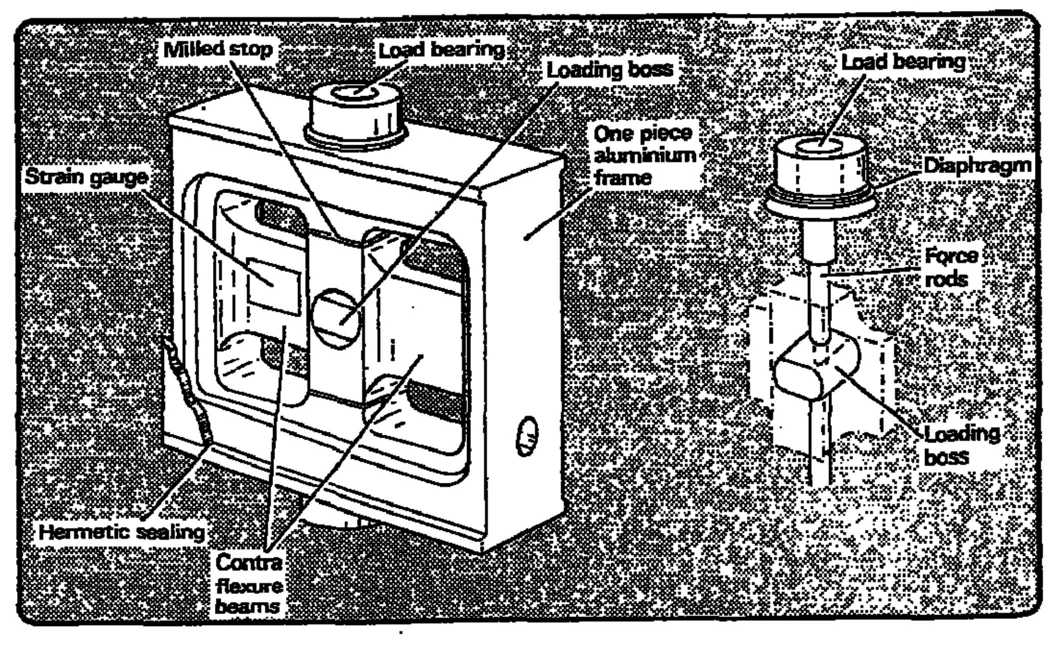
The load cell in question is rather special because it is British designed and built, and because its makers are claiming that it is far in advance of what the U.S., world leaders in load cell technology, is currently offering.

It is made by a new UK company called Measure and International and it is the top model in its range. The man behind Measurand is Mr. Ronald Russ, a leading specialist in the design of transducers, devices which convert energy from one form to another, and which are at the heart of load cell technology.

The basic principle is extremely simple. Force is applied to a beam until it bends. The amount by which it bends is measured using gauges which convert the strain in the beam into electricity which can be displayed as a digital readout.

It is a simple, extremely accurate and elegant system for measuring all manner of weights and forces.

It also has myriad applications, and the U.S., where the idea was developed, soon cornered the market in the new technology.



One company in particular, Interface of Arizona, has virtually swept the board worldwide, according to Mr. Russ.

So what has Measurand to offer which can compete with the Americans, and why should the Midland Bank's development capital subsidiary, Midland Bank Industrial Finance, have thought it worth buying one third of Measurand's equity capital?

According to Mr. Russ, the answer lies in the quality of the British product and the ingenuity of its design. Mr. Russ knows something of ingenuity: he was formerly international vice-president of Bell and Howell, the optical and electronics company, and managing director of Bell and Howell's UK Electronic Instrumentation Group.

During his time at Bell and Howell, he developed transducer systems for flight research instrumentation for Concorde and marine control systems for the Queen Elizabeth II.

Mr. Russ says: "We knew there was no way we could tackle the Americans head on. They had caught the wave of the first generation of these new devices—now they are practically giving them away. Interface charges around £80-£90 for their load cells in volume. Our unit price is around £240."

"We looked for the next generation. The American devices were brilliantly engineered, but they were delicate. If they were not sealed into cases, the all important beam could be bent through clumsiness.

Mr. Ronald Russ: built transducers for Concorde and the QE2.

"Where their devices are sealed they use a simple surface mastic and that inevitably fails in time. Remember, if these devices are incorporated into a weighing system in a food factory, they are likely to be hosed down daily in hot caustic

The Measurand solution is to seal their load cells using electron beam welding, a sophisticated modern technology which guarantees a leak proof join. Measurand now claims its cells can be used in the most arduous conditions from the Arctic Circle to North Sea oil rings.

The design of the cell itself is novel. In the cell illustrated, the 4-5300, which is the largest of the range, the simple beam is replaced by two contra flexure share beams fixed at the loading boss.

That simply means that when the cell is under load, the beam is forced into an "S" shape and the strain gauges attached to the beam measure the shearing force and so give an indication of the force applied to the cell. The force is applied through the load bearings at the top and bottom of the cell, making it possible to measure compression forces or in-line tension loading.

A further technical feature is the special seals around the force rod at the top and bottom of the cell which ensures the measurement system is not upset by side forces.

Measurand produces three series of the new cell and also a hand-held electronic force measuring meter designed on the same principles.

It is already working on new transducers for measuring pressure, flow, displacement and velocity. Mr. Russ believes there are limitless applications for the new cells including the food industry, check weighing of tea bags and chocolates and chemicals.

The first systems have already been installed in South Africa and at Technicon Iska in Wales where they are used for measuring granular flow. The UK market for load cells is around £4m at present. Measurand is on 0604 22521.

THE PROPERTY MARKET BY ANDREW TAYLOR

Manchester area struggles

THE RECESSION has begun to take its toll on the industrial property market during the past few months as dole queues have continued to lengthen throughout the country and announcements of factory closures and redundancies occur almost daily.

A sample survey of leading commercial agents in Greater Manchester this week revealed that inquiries from prospective tenants have fallen by up to 50 per cent since May this year while the amount of vacant space coming on to the market—particularly older larger accommodation—has been rising steadily.

It is important, however, to put the recession into its proper perspective. It would be alarmist to suggest that the industrial property market is in imminent danger of collapse but life has certainly become much more difficult during the last three months for those seeking to sell or let industrial space—and looks like continuing to be so for at least the next 12 months.

A national survey recently conducted by King and Co., agents which specialise in industrial property, revealed that the total amount of vacant factory and warehouse accommodation available in the North West had risen to 14.63m sq ft by mid-August—almost 10 per cent more than in April this year and 25 per cent more than at the same stage a year ago.

These figures do not take account of 2.5m sq ft of industrial space now thought to be under construction in the region. Nor do they reflect the impact of recent mill closures announced by Courtaulds, Carrington Vyella and others which could increase the amount of accommodation available by at least a further 1m sq ft.

However, while the sharp rise in the level of industrial accommodation now available in Greater Manchester and the North West is highly depressing, the supply situation is nowhere as bad as that which occurred following the 1973-74 property market collapse.

The second in a series of articles in which the Property Column investigates the effect of the recession on industrial property. This week Andrew Taylor looks at Greater Manchester.

Mr. Paul Syms, associate partner responsible for King and Co.'s Manchester office, says: "In 1978 we were still getting rid of properties built during 1973-75. I do not expect in 1984 to find a similar situation with this office still seeking tenants for space now coming out of the ground."

In Greater Manchester the impact of recent closures and reduced tenant demand has led to growing pressures on asking rents with a wide choice of properties now available in many sectors of the market.

However in only a very few isolated cases does it appear that rents have actually declined. One such area is Cheetham Hill, popular with textile companies and cash-and-carry trades, and right in the city centre.

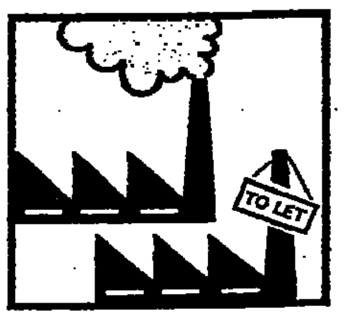
Six months ago rents of £2 per square foot and more were being widely quoted for units of between 10,000 sq ft and 20,000 sq ft—and with some fancy premiums being paid into the bargain. Today asking rents for similar properties in Cheetham Hill are probably nearer to £1.85 per square foot mark and there is little likelihood of premiums being asked for let alone being achieved.

Most Manchester agents however do not expect to see a general decline in rents over the next 12 months but neither are they anticipating much—if any — growth. More likely is that falls in rents will be masked by an increase in the level of special deals — in the form of rent reduced or rent-free periods; or free installation of heating and other services — being offered by landlords and developers.

There is also no guarantee that space now being relinquished by companies will be taken up again as the economy improves. A typical example is a company in the Manchester area now in the process of negotiating the sale of 150,000 sq ft of space it presently occupies.

The plan is to move to smaller leased accommodation using the cash raised from the freehold sale to re-tool and introduce efficiencies with the aim of maintaining the same output levels but with a reduced labour force.

Other companies are seeking sale and leaseback deals to raise much needed capital. Mr. David



Beard, partner-in-charge of Elliott Son and Boyton's Manchester office, says that in the last few months his office has taken on five such deals aiming to raise a total of £1.5m. "More significant is the number of clients now seeking to discuss sale and leasebacks."

The drive by companies to introduce greater efficiency into their operations may help underpin demand for new units which in some of the more sought after areas are still in reasonably short supply. But for larger secondary space the situation looks much worse and it could take as long as 18 months to absorb the amount of older accommodation now coming on to the market.

Richard Ellis in Manchester say that even for the best quality small space there is unlikely to be more than marginal growth in rents. Meanwhile the agents say that they are carrying around 50 per cent more industrial properties on their books than at the same stage a year ago.

In this climate the industrial market in Greater Manchester and other major industrial centres in the North and the Midlands looks likely to continue to be depressed both in the short and medium term.

Confusion over Mersey docks land sales

THE FUTURE of Merseyside's controversial 300 acre South Dock site, owned by the Mersey Dock and Harbour Company, remained as confused as ever following a meeting between the company and angry loan stock holders this week.

The company will need to dispose of the site by 1995 if it is to have any hope of redeeming the £18.4m still outstanding on unsecured loan issued as part of the capital reconstruction which saved Mersey Dock from bankruptcy in 1974.

This week stockholders have been unsuccessfully pressing the company to use the rental income from the site—thought to gross just over £500,000 a year—to help redeem part of the outstanding debt.

So far Mersey Dock has resisted these attempts, saying that it needs the cash to bolster its port operations. In the first half of this year the company, in which the Government has a 20 per cent stake, reported a £2.5m loss following a £7.46m pre-tax loss in 1979.

Under the terms of the capital reconstruction loan stock holders are due to be repaid from land sale proceeds. However moves towards disposing of the South Dock site have so far failed.

A scheme by which Merseyside County Council would have taken over the site has now been shelved following the Government's decision to establish a new style urban development corporation to mastermind the regeneration of Merseyside dockland.

Under the terms of the county council deal the local authority would have taken a 150 year lease on the site in return for certain rental guarantees and with the aim of eventually acquiring the freehold before the 1995 loanstock redemption was triggered.

The company's biggest fear is that the urban development corporation will now use its new powers compulsorily to acquire the land at a rock bottom price—reflecting the derelict state of the site and the high cost of improving the land to a developable standard. If this were to happen it would effectively end any hope of the loan stock holders being repaid in full.

Meanwhile, a public inquiry is to open shortly into plans put forward by a consortium headed by Mr. Gerald Zisman which proposes to build a trade centre at Albert Dock on part of the 300-acre site.

Other plans still being considered include provision of a hypermarket on an adjoining site plus the construction of maritime museum by the local authority at Canning Dock. There are also around 120 companies presently operating on the site and providing rental income for the Mersey Dock company.

How successful these various proposals will be remains to be seen. But the company's view is that unless it is able to achieve a worthwhile deal on the disposal of its South Dock site it could sound the death knell for Mersey Dock.

Row brewing over Birmingham site

BY LORNE BARLING

AN OFFER of more than £2m from Hayward Developments for the largest green field industrial site in the Birmingham area, has created a furore in local political circles and not a little confusion in the property market.

At the centre of the row is the 22-acre County Council owned site at Cranmore Solihull and which is now up for sale.

Early reports that a controversial deal had been concluded after a secret meeting of the County Council's legal and property committee have since been denied, but there is clearly strong support in the council for a sale to Hayward.

Price

Opponents of the offer however say that a higher price could be achieved by selling the 22-acre site in smaller lots, as was originally proposed.

The offer from Haywood is thought to include plans to develop a factory and offices on four acres of the site for W. F. Bannocks, Birmingham granite and marble masons. The group has also indicated that other companies will conclude firm development deals at an early stage.

However, the deal has still to be approved by the full council which meets on October 13, and planning approval is not expected to be granted until October 16.

There is also the possibility of another offer emerging, but the condition the council is imposing for use of the site could be a deterrent. These include a ban on nursery units, and any form of retailing.

Shop rents

BRIGHTER PROSPECTS are ahead for shop property according to the latest rental forecast prepared by Hillier Parker May & Rowden.

According to the agent's latest forecasts: retail rents should start to rise again in real terms from spring next year.

However, Hillier Parker say that although rents should see some real improvement between now and the end of 1981 they are unlikely to "regain their real May, 1979, level within the period of forecast."

According to the forecasts made on the basis of forecast retail sales volume shop rents are likely to rise in cash terms by between 20 per cent and 32 per cent by 1982 compared with May this year.

More Property News, Page 16

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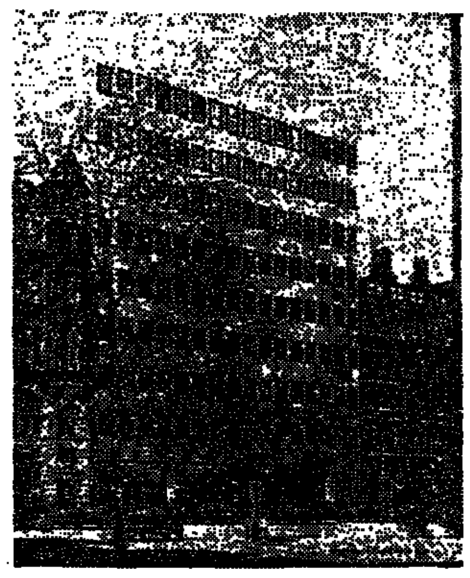

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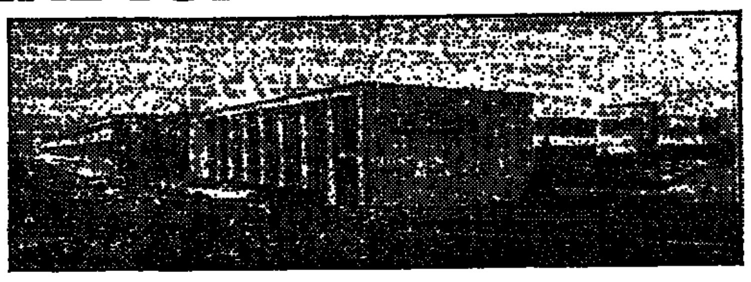

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Property Briefs

Arlington proposes £10m office scheme

Plans have been submitted by Arlington Securities for a £10m office and shopping complex and new civic centre in Horley.

Under the terms of the proposal the scheme will provide 46,000 sq ft of lettable office space, 22,000 sq ft of new shopping space plus 13,500 sq ft extension to the existing Waitrose supermarket. If planning approval is given it is hoped that the shopping centre will be ready for occupation by early 1982. Debenham Tewson and Chinnocks have been appointed development consultants.

● Isis Estates Ltd. of Swindon have sold the Headland Trading Estate in Swindon to a major pension fund for around £2.1m. The development provides around 100,000 sq ft. of new factory space producing an annual rental income of around £190,000. D. E. & J. Levy and Farrant & Wightman acted for Isis while Hillier Parker May & Rowden acted for the pension fund.

● Laing Properties is to undertake a £4.5m redevelopment at 24/25 Grosvenor Street, London, W.1. The group which has negotiated a 99-year lease on the site from the Grosvenor Estate has been granted planning permission to build 16,000 sq ft of offices with private garage space for six cars. Strutt and Parker have been retained as sole letting agents.

● Scottish Equitable Life Assurance Society have acquired 8,500 sq ft of recently completed office space as a freehold investment at Alhambra House, St. Michaels Road, Croydon. The building has an investment value of around £1.3m and was pre-let to the Bank of Ireland at a rent of around £9.50 a sq ft. Conrad Phoenix acted for Scottish Equitable.

● F. English, the south coast Ford main dealer, has concluded a sale and leaseback deal worth around £850,000 with British Aerospace Pension Fund Trustees on its new 40,000 sq ft coachworks at Poole. Jones Lang Wootton acted for British Aerospace while Clifford Bonney acted for F. English.

● Two new lettings at British Land's Plantation House were announced this week. Terms have been agreed with the London Commodity Exchange for the establishment of two new dealing rings for the Arabica and Robusta London Coffee Markets to be established on the lower ground floor of the building. A rental of more than £10 a sq ft has been achieved for around 6,300 sq ft.

● The largest ever parcel of land to be sold in Hong Kong has been bought at auction for just over £50m. The 52m sq ft site was purchased at the auction, organised by Jones Lang Wootton, by Beehive Enterprises at the reserve price of HK$600m.

هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

In his second article on Coca-Cola, **Ian Hargreaves** examines its diversification plans

Why Coke is busting out all over

TOP COKE executives deny it, but it is certainly a credible rumour that early this year a memo crossed the desks of senior people in Coca-Cola's domestic soft drinks division stating "1980 is the critical year. Coca-cola must stop Pepsi's momentum."

Memo or not, the Pepsi problem certainly featured on the $5bn a year company's agenda of difficulties to be dealt with. But it was a crowded agenda, which could have been followed by the following items: 2. Stop the slowdown in domestic profits growth; 3. Repair relations with bottlers and distributors; 4. Find a successor to J. Paul Austin as chairman and stabilise top *management*; 5. *Improve* the commercials.

For a company as old and, some say, bureaucratic as Coke, there is strong evidence that at least four of these problems have already been substantially addressed.

Pepsi remains, and will remain, one of several very powerful competitors in what has been a lucrative business. But the industry's most quoted market barometer in the U.S., rival sales of soft drinks through grocery shops, compiled by A. C. Nielsen, has recently allowed even the most worried Coke directors to have a Coke and a smile, as the current advertisements say. In the midsummer months, Coke drew level in the Nielsen ratings, with its old rival, "the imitator," as Coke die-hards still scornfully term it, having trailed 21.6 per cent to Pepsi's 22.8 per cent earlier in the year.

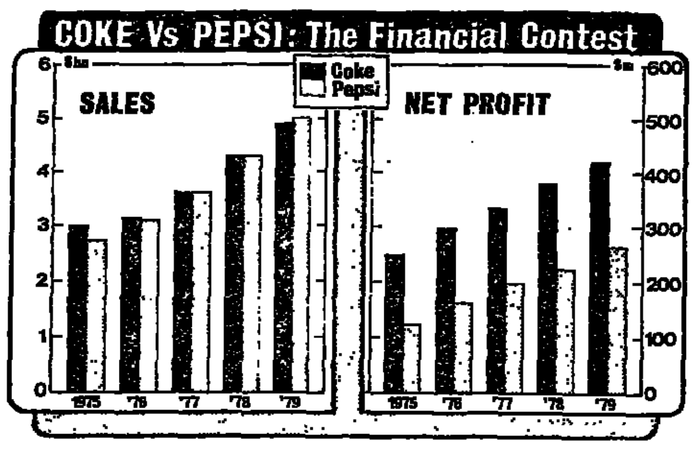
It is still not possible to report progress on item two — indeed Coke's recent announcement that earnings would decline in the current quarter compared with the same quarter last year (largely due to weather problems in Japan and strikes in Mexica) has made the earnings objective even tougher than it looked at the beginning of the year.

But under the third heading—relations with bottlers, action *has been taken which, if it* works out, is at least part of the answer to domestic profits. Coke has renegotiated its 57 year old contract with its more than 550 U.S. bottlers to implement the first increase in price during that time of the substances which constitute the basic Coca-Cola mixture—caramel, phosphoric acid, cinnamon, vanilla, caffeine, nutmeg, lime juice, lavender, glycerin, guarana (a substance *from a tropical tree*), and the "secret ingredient," which is derived from Coca leaves and Cola nuts.

The mixture is transformed by Coke into a syrup by the addition of sugar — the only element of the whole package for which Coke has altered prices over the years, and then only in response to changes in the world sugar price.

It is part of the company's mystique that the original Coke formula is still known only to a handful of top company people and that its only written *version is in an Atlanta bank.*

The company's contract renegotiations with its bottlers have



been exceedingly tough, but by the end of the year Coke is certain that it will have persuaded bottlers — who produce 90 per cent of U.S. gallonage— to sign the new deal. Under the new agreement, as under the old, Coke supplies syrup to bottlers, who add fizzy water and packaging and distribute it within an exclusive geographic territory.

Item 4 is almost entirely taken care of. Roberto Goizueta, a 48-year-old Cuban, has been *named chairman elect and he in* turn has selected his lieutenants and the structure under which *they will operate (see the Management* Page, Wednesday, October 1).

The answer to *number five* involves a heavy dose of subjectivity, but certainly in the U.S. *Coke is again wearing its* customary laurels in the advertising world for its award-winning television commercial featuring Mr. ('Mean Joe') Greene of the Pittsburgh *Steelers football team.*

Domestic war

But the fact that these difficulties have been addressed hardly means that the fight is over. For a start some of the actions taken—on management and the bottling contracts, for example—have yet to prove their effectiveness. Moreover, the fact remains that in the 1980s Coke faces a slowdown in the growth of its critical home market, an increase in competition from two recent entries to the industry, both expert marketeers—Philip Morris, which owns Seven-Up, and Procter and Gamble, which recently bought Crush International—and a management challenge to produce profitable growth in some new businesses, such as wine, at the *same time maintaining* customarily high profitability in overseas operations.

The domestic war between Coke, Pepsi, Seven-Up and the others promises to be one of *the most fascinating marketing* contests of the 1980s.

Coke's strategy is clear. As part of its new deal with the bottlers, it stepped up media spending by 27 per cent last year and is in the middle of another large increase this year.

The "Coke and a smile" theme, occasionally interwoven with snatches from earlier decades of promotional messages, seems once again to have stirred the responses of Americans. Over 30 years, Coke has shown itself to be a master at associating its product at key moments with the more optimistic side of the American nature. For instance, within a week of the U.S. ice-hockey team's victory at Lake Placid, one of its adverts featured the goalkeeper.

Behind Coke's successes this year, however, remains the quiet fact that in an advertising campaign which never went national, Pepsi's "challenge" ads, aimed at establishing through filmed consumer tests that Pepsi tastes as good or better than Coke, have wrought havoc on Coke's *supremacy in certain markets.*

Thirty years ago, the imitator was just that. Today it is a second force in the industry, although still within only about a quarter of the U.S. market, against Coke's 34 per cent. Pepsi is also following a number of acquisitions, larger than Coke in sales although still less profitable.

As for Seven-Up, Philip Morris has had big problems getting its bottling and distribution system right and last year lost market share. There is a constant rumour that it will soon launch *a cola drink (cola drinks* account for 64 per cent of all U.S. soft drink consumption, compared with 42 per cent outside the U.S.).

Procter and Gamble may do the same once it completes strategy for the Crush International company it bought this summer. At present Crush has less than 1 per cent of the [illegible] soft drinks [illegible]

[illegible]

think it [illegible]" laughs John [illegible] Coke's financial chief.

Collings says he does not *foresee any change in Coke's* historically conservative financial stance, with debt-equity under 10 per cent, in spite of a more than $150m investment to start a wine business in the last two years.

That is an important point. Philip Morris's debt equity is almost 100 per cent, Procter and Gamble's around 25 and Pepsi's 50 per cent. Although Coke's cash position has deteriorated somewhat in the last year, it remains enormously strong and able to be very flexible if the Coke board should decide to back any of the costlier diversification and acquisition possibilities now running through Goizueta's head.

Goizueta says merely that he does not contemplate increasing the company's financial leverage "by design," although the 1981-83 business plan which the leaders of Coke's major foreign divisions are thrashing out in Atlanta this week contains diversification ideas which could require acquisition, he says.

At the heart of the foreign strategy is to do overseas what Coke has started to do at home, that is to start up businesses related to soft drinks such as plastic straws, yogurt, water purification, fruit juices and snack foods.

Orange juice and potato crisp businesses have just been started in Japan, all working on the standard Coke model of the company supplying direction, initiative and expertise, but leaving it to local businessmen to put in the investment for production and merchandising.

Goizueta says the principle will be to take advantage of any special local circumstances as they occur—the Japanese crisps operation was built around the fact that at certain times of the year, Japanese potato co-operatives have a surplus. The other principle to be followed is that Coke's existing top man in any country must agree with the new project and feel that he can manage it from his existing base in that country.

The idea is to create a diversified unit of the kind which now exists in the U.S. in each major foreign market, while still retaining strong local identity in each, both in order to retain good standing within the *community, and to minimise the* level of investment by Coke itself.

One of the problems for Coke in any diversification, if problem is the right word, is that it will be extremely hard *pressed to find* new areas of endeavour which match the remarkable returns on investment of its traditional low capital, low labour intensive syrup and concentrate sales. Net profits as a percentage of equity have averaged 21.4 per cent in the last decade, compared with an average of 13.1 per cent for the stocks in the Standard and Poor's index of 400 stocks.

This is the challenge now facing Wine Spectrum, Coke's 2½ year old wine arm, which, having bought wine businesses in New York and California to produce and ship domestic U.S. wines, and having shaken up the U.S. wine industry with the kind of hard-nosed advertising the wine producers had not been *accustomed to, must now translate* its sales success into a profits success. The division *earned around $5m last year on* sales of around $65m. Although everyone at Coke insists the *business is functioning to plan,* there is a more cautious air in evidence when wine is discussed today than was the case a few months ago, when all the talk was of $1bn in wine sales by 1990.

Coffee and tea

Coke is still committed to rapid growth in wine and may *well sell $1bn worth of wine* in 1990, given that U.S. wine consumption is forecast to grow *at between 10 and 12 per cent* a year for the next decade. It is currently one-tenth of per *capita consumption for France* or Italy.

Coke wishes it were looking *at figures like that for the soda* (or fizzy drinks) business, but believes the best it can hope for in soft drinks is 4 to 5 per cent a year growth in the U.S. (compared with over 6 per cent a year in the last 15 years) and to double that rate overseas.

So far as the U.S. is concerned, many doubt that that growth can be achieved. At 495 eight ounce portions per citizen per year, the U.S. appetite for fizzy, sugary drinks is already close to double its nearest rivals — Australia (283 portions) and West Germany (288 servings). The UK is way behind at 144.

But Coke executives and *many industry analysts refuse* to accept the argument that the U.S. market is mature. *They believe that the intensifying* marketing battle, involving Procter and Gamble, will

Glyn Genin

The face of Coke in its home town of Atlanta, and (*right*) in China, where the characters mean "can mouth, can happy." Coke prefers the translation "*delicious and refreshing*."

stretch the American appetite for fizz, even though Americans already drink nearly twice as much soft drink as milk and more soft drink than coffee and tea combined.

Donald Keogh, Coke's top marketing man and likely soon *to be named as the company's* president, merely adds that the U.S. market is in reality a thousand different markets, where consumption ranges from 35 portions per person per year *to an astonishing 750 in a town* called Rome, Georgia. Thus the current emphasis on marketing *tailored to local circumstances.*

As for the foreign markets, still growing at twice the U.S. rate, Keogh is *excited by the* fact that there is indeed such a range of current consumption levels in countries of great variety of climate. So far as he is concerned, that means that every market is capable of growth, if not to U.S. levels, then to somewhere close. Coke already has bigger market shares in some of these countries than it does in the U.S., including 57 per cent of the Japanese market and 40 per cent in Mexico.

The question for shareholders, of course, is when some *of this optimism will be translated* to the bottom line and when Coke will resume or, as *Goizueta forecasts, exceed,* its traditional growth rate of 12 to 13 per cent a year in sales *and operating profits*—a record it achieved with remarkable consistency in the past 20 years.

Initially, at least, there is no hope that the new contract with U.S. bottlers will help directly. *All proceeds from higher syrup* prices this year have gone into extra marketing, although, of *course, the additional volume* thereby generated does help profits indirectly. Coke hopes to grow *at least* 1 per cent per year faster than the industry average in the U.S. and to maintain its record in *the last* decade of exceeding industry growth in all major foreign markets. The *clause* in the new contract permitting Coke to increase syrup prices in line with the consumer price index looks, for competitive reasons, unrealistic at this stage.

In the end, Coke knows that in the 1980s as in the 1970s, the 1950s and for that matter the 1920s, the key to profits growth is volume growth.

There is reluctance on all sides to jack up significantly the price of fizzy drinks in the U.S., where *it* is still possible to buy Coca-Cola (in a large, returnable bottle from a supermarket) for 1 cent per ounce—very nearly the same price first charged in 1886.

Given these limitations, the task for Coke is not so much to *stop Pepsi or any one else for* that matter, but simply to grow faster than the fastest.

***IN DECEMBER,* Coke executives will be in China to witness the start-up of that country's first *Coca-Cola* bottling plant. It will turn out 1.3m cases of the drink next year *in what will be* Coke's 136th foreign market.**

Coke has been available in post-revolutionary China—but only in hotels frequented by foreigners—since late 1978, *when* J. Paul Austin, chairman of Coke, signed a document giving his company exclusive rights in perpetuity for the sale of cola concentrate to local bottlers and distributors in China.

Coke officials admit frankly that at the moment they cannot tell when they will start to make profits from China. But the diplomatic coup of the China contract and the potential of a toe-hold in the world's most populous market, more than make up for that. The contract was also a satisfying victory for Coke over Pepsi, which a couple of years earlier, under the Nixon Administration, had won sole rights to service the USSR.

Coke's China triumph, coming within days of the announcement that President Carter had agreed to resume normal diplomatic relations with Peking, provoked widespread suggestions that Austin, an old political ally of the President in his home state, had ridden into China on the Administration's back.

Coke hotly denies this interpretation of events and points to years of effort which led to the agreement. In order to push its case, Coke agreed to all manner of ideas to improve its standing with the Chinese, ranging from help with China's wine industry and water purification problems, to the secondment of the company's chief negotiator, Peter Lee, to the staff of Dr. Joseph Needham, the prominent Oxford oriental scholar, for a year.

Indeed Coke prides itself *upon a certain kind of political naivety* in its approach to world markets. It entered Israel in 1967, *even though* apparently aware of the certain banishment that would provoke *from more lucrative* Arab markets.

Soon after the China signing, the first billboard appeared in Peking.

For the present, however, the Chinese authorities are determined to restrict sale of the great American beverage to visitors, for fear that a popular taste might be created which would prove costly in hard currency. There is already, however, a *well established black market* for Coke in these areas where it is prohibited.

Business courses

Updating for Accountants, Abingdon, Oxfordshire. October 23-24. Fee: £170 (plus VAT). Details from courses secretary, Mobile Training and Exhibitions, Imperial Buildings, 56 Kingsway, London WC2B 6DX.

First World Direct Marketing Congress and Exhibition, Singapore. November 10-14. Fee: S$300. Details from ITF Pte. Suite 304, 8th Floor, World Trade Centre, 1 Maritime Square, Singapore 0409.

Paying People Abroad, London. November 4-6. Fee: £315 (plus VAT). Details from Seminar Co-ordinator, ORC (UK), 1, Albemarle Street, London W1X 3HF.

Reducing the Cost of Financial Services, London. November 6. Fee: £105 (plus VAT). Details from European Study Conferences, Kirby House, 31, High Street East, Uppingham, Rutland.

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LOMBARD

Push-me-pull-you economics

BY ANTHONY HARRIS

ANYONE old enough to be reading this column must be familiar with Hugh Lofting's splendid animal, the Push-me-pull-you; having a head at each end and two sets of front legs, it was in a permanent state of what economists might call dynamic equilibrium. In lay terms, it wasn't likely to get anywhere. Were I able to draw, I would like to present this much-loved creature with the head of Mr. Frank Blackaby at one end and Mr. Michael Posner at the other—or perhaps Sir Geoffrey Howe and Mr. Healey.

What these courteous and learned critics of some of the arguments I have recently been putting forward have in common with the two Chancellors, whom they also criticise, is this: they see nothing incongruous in the fact that the Government should simultaneously deflate the economy through monetary policy and inflate at Budget time. Indeed, the main criticism of the Chancellors by the academics is that their policies have not been sufficiently self-contradictory. They would like to "stimulate" the economy through a still larger borrowing requirement—and presumably offset the inflationary implications by borrowing at still higher interest rates. If they actually believe that the money supply should be allowed to let rip, they should say so.

Real problem

The proposition is so obviously absurd when stated in these bald terms that I have been brooding about why men I respect and admire can put forward such arguments. I suspect that the answer lies in an old academic and Treasury habit—thinking of the economy in real terms. Inflation is seen as a monetary phenomenon, which can be addressed through monetary policy (or far better, for Mr. Blackaby, through wage bargaining). Output is a real problem, depending on the management of real demand.

This compartmentalised form of thinking enables practitioners to overlook a simple fact: in operating terms, the effects of Government policy, whether they concern taxation or the control of the banking system are entirely monetary; there is no separation. It is in these operative terms that present policies amount to an economic push-me-pull-you.

The effects of this form of tension are startling, but not unpredictable; indeed, predicting them in general terms has been a constant theme in this newspaper for a good two years.

Forecast

What none of us, except, perhaps, Mr. John Forsyth (and even he refrained from offering the numbers which have emerged) was bold enough to do was to forecast the scale of these distortions. Here it is time to remember another childhood character. The Red Queen recommended believing at least three impossible things every day before breakfast.

The push-me-pull-you school had better try believing that it is possible for manufacturing output to fall by 7 per cent while real consumer incomes rise by 15 per cent, or that the exchange rate can rise a quarter while the balance of payments deteriorates by £3bn, or that the money supply can explode when bank credit costs 4 per cent in real terms. The only way to believe these things is to remember that they have actually happened in the last two years of push-me-pull-you policy.

When you have got seriously round to believing the actual events of the last two years, I have found, it is relatively easy to try believing another impossible thing: that it might well be possible to stimulate the economy by raising taxes. The level of disposable incomes, it is true, would fall; but high disposable incomes have been a fat lot of good to manufacturers recently. Long interest rates would fall very fast if the gilts market actually believed that the Government had the consistency to cut down their rations of new stocks, and short rates and the exchange rate with them.

What my learned critics can do far better than I can is to make a serious attempt to estimate these effects, using a model based not on some well-ordered world of the past, but the topsy-turvy world we live in. Please?

Searching for a new image

BY GARETH GRIFFITHS

IN THE bustle of Liverpool's city centre, Saturday shoppers from now until Christmas have the chance to pick up leaflets telling them why they should be proud to be Merseysiders. They will learn that Merseyside companies invested more than £600m last year, that St. Helens is the world centre of glass technology and many other optimistic facts and figures about the area.

Travellers on the Merseyrail underground system pass posters proclaiming the same theme and the local papers and radio station carry advertisements reiterating the message.

The publicity is all part of "Merseypride," a six-month advertising campaign launched in August by the Merseyside County Council.

The project, which the council believes is the first of its kind in Britain, is aimed at boosting the confidence of Merseysiders in their area. It has an initial £57,000 budget.

Mr. Jack Stopforth, the marketing manager for the Merseyside County Council Economic Development Office (MERCEDO) who is mainly responsible for the project, argues that the Mersey must recover its old self-confidence if business interest is to be stimulated and outside investment attracted.

Unemployment on Merseyside is 13 per cent, double the national average and although the decline in jobs has recently slowed down, during the past 18 months the area still lost 28,000 jobs.

During recent years Merseyside has become almost obsessed with its image. It is an area that has long exerted a powerful fascination on the rest of the country. The people with their raw dynamism and open nature have provided colourful material for newspaper articles and television programmes.

AROUND BRITAIN

MERSEYSIDE

Fifteen years ago it was fashionable to speak with a "Scouse" accent, read the Liverpool poets and listen to the Mersey sound. Today the image is of closures at Speke and the vandalism of Kirkby.

Merseyside has fought hard to remedy this situation. The area's propagandists point out it can be a very pleasant place to live in. Liverpool boasts a famous orchestra, an outstanding art gallery, several theatres, easy access to the Welsh countryside, and arguably the best Chinese food to be found in Britain outside Soho—the latter because of its long-standing Chinese population. Unlike much of Britain, there is much reasonably priced property for sale and rent.

In an attempt to get that message across, the local authorities are all spending considerable sums on promotion. The county council budgets £230,000 a year on promotional work and has offices in London and Chicago. Liverpool City Council has its own industrial promotion budget of £120,000 a year and the smaller authorities of Wirral, Sefton and Knowsley all have separate budgets.

A conference on Merseyside's image was organised recently by Liverpool University's School of Business and Management Studies and more than 150 politicians, businessmen and trade unionists took part. Dr. Joanna Kinsey, the conference organiser, suggested that Merseyside's problems might rate less publicity in future since they would increasingly be regarded as part of the wider recession now gripping the country.

She argued against the strong anti-press mood of many of the participants and said an assessment of media-inspired damage would be difficult and a misdirection of effort. Instead Dr. Kinsey criticised the fragmentation of publicity efforts by the local authorities, highlighting in particular the rivalry between the County Council and Liverpool City Council. Both Liverpool and Sefton remain outside the MERCEDO scheme and Liverpool has set up its own development agency.

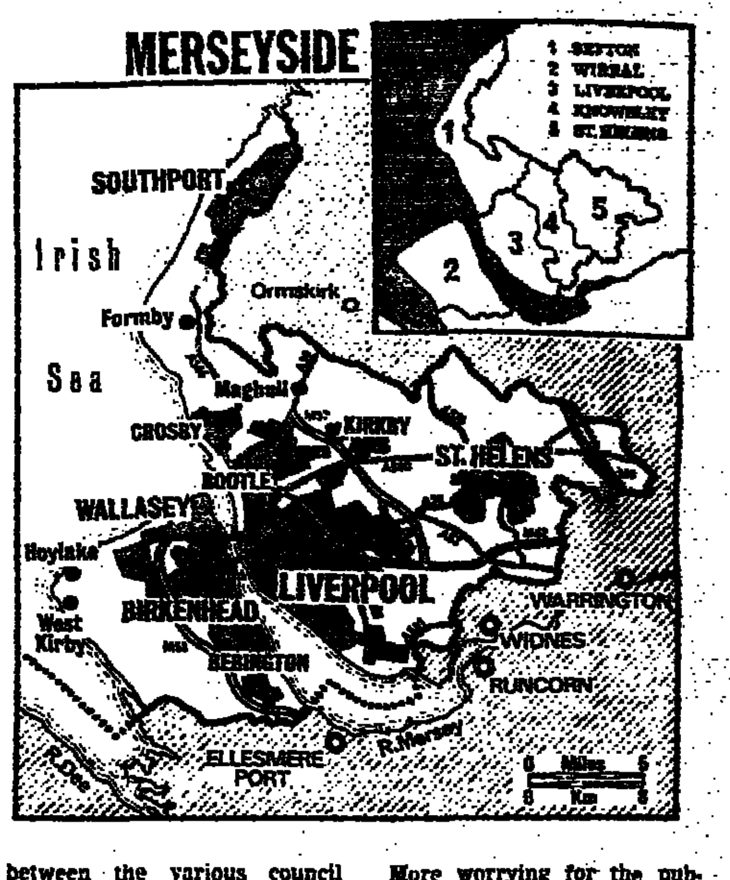
The business community is equally critical of the divided nature of promotional work on Merseyside. The Merseyside Enterprise Forum, a group of leading businessmen and community leaders, last year set up a Public Image panel to see what could be done.

The panel's report, when published later last year, was highly critical, claiming that Merseyside was generally "sold short." Mr. Terry Smith, the managing director of Radio City, the local commercial radio station, and chairman of the panel, found a lack of co-ordination—that many publicity schemes had been "pie in the sky."

Mr. Smith's committee drew up a list of 20 recommendations, ranging from improving the London office of MERCEDO and giving advertising agencies a better idea of what the area wanted to promoting cultural and sporting events and strongly urging greater co-operation between the various council departments. The suggestions on the promotion of cultural and sporting events have been accepted and the London office of MERCEDO reorganised. But the key recommendations on overall strategy and organisation have not been acted on.

The business community finds this rather worrying.

More worrying for the publicists is the threatened closure of the Liverpool Daily Post, one of the longest established provincial morning papers. Ironically the announcement of the possible closure was carried on the news on the day the Merseyside image conference was held.



Lenient mark for Remouleur

RACING

BY DOMINIC WIGAN

THE FIELD for this afternoon's valuable John Sutcliffe Trophy was decimated at the final declaration stage with 13 coming out of the Lingfield Nursery, leaving just half a dozen runners.

Nevertheless, matters should still prove interesting as a case can be made out for each of the participants.

As is often the case, Lester Piggot and Willie Carson have secured likely looking mounts. While Lester teams up with the probable favourite Guy Harwood's Welham Green, Carson rides Henry Morgan, a juvenile trained by Ron Sheather, responsible for last year's 13-2 winner, Numas.

Both will go well but I like Remouleur off a seemingly lenient handicap mark. Under a virus cloud, like most of the inmates of Ryan Price's 100-strong Findon stable for most of the season, Remouleur is at last beginning to show something approaching the form that was at one stage anticipated.

In the belief that he has shaken off the effects of that energy-sapping virus, I take Remouleur to score in the hands of Brian Rouse.

Half an hour before the £7,000 added nursery, Carson partners Australia Fair in the Nutfield Maiden Fillies Stakes.

This filly, given to the Queen by the Australian Government, was sent to be trained by William Hastings-Bass.

Australia Fair, a beautfully bred but small two-year-old has, I gather, not shown a great deal to date and in the absence of a likely looking alternative, backers may do best to give the race a miss.

While the two leaders in the championship battle are busy at Lingfield, Eddery can be seen in action at Haydock. There, the former champion appears to have several worthwhile rides—notably Chapel Ash in the Bolton Maiden Stakes. Although he was only fifth when favourite for a division of the Marlborough Stakes at Salisbury last time out, Chapel Ash was not beaten far by the winner Priory Lane and this drop in class should see him safely home.

HAYDOCK
2.00—Michaelmas
2.30—The Barons Lodge
4.00—Chapel Ash**
4.30—Black Mike

LINGFIELD
2.00—Fair Duel
3.00—Remouleur***
3.30—Paleor
4.30—Belloc*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.02 For Schools, Colleges. 3.20 Ddeng Mlynedd Yn Ol—Neu Fwy. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory with Instant Sunshine. 4.40 Heyyy, It's the King. 4.50 Crackerjack. 5.35 Paddington.

5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It's A Knockout.
8.20 Terry and June.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 The Video Pirates (London and South East only).
10.45 News Headlines.
10.50 The Late Film: "Party Girl," starring Robert Taylor.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—1.45-2.00 pm Cath Drwy'r Siop. 2.02-2.22 I Ysgolion. Hwnt Ac Yma. 4.40 Living Legends. 5.10-5.35 Telifant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Ddeng Mlynedd Yn Ol—Neu Fwy. 7.55-8.20 Angels. 10.15 Week In Week Out. 11.05 News for Wales. †11.06-12.56 am Festival of Welsh Films: "The Citadel," starring Emlyn Williams.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden Special.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Picture in Question. 10.45-10.50 News for Northern Ireland. 12.30 am News and Weather for Northern Ireland.

England—5.55-6.20 am Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) The Welfare Show); North (Leeds) The Jews of Leeds—An Album of Memories; North East (Newcastle) Coast to Coast; North West (Manchester) Country Concerns; South (Southampton) More Ways Than One; South West (Plymouth) Brainwave; West (Bristol) Public Life—At The Conference.

BBC 2

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School.
11.25-12.30 pm Labour Party Conference.
4.50 Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.35 Return To St. Kilda.
8.25 Newsweek.
9.00 Escape.
9.50 The Family Brown Sings Country.
10.15 Jack High.
10.45 Newsnight.
11.40 Friday Night . . . Saturday Morning.

LONDON

9.30 am School Programme. 12.00 The Telethon Celebrity Auction from Sotheby's. 1.00 pm News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Golf. 3.00 pm Telethon Plus Golf (coverage of the second day's play in the Dunlop Masters Tournament.

5.45 News.
6.00 Thames News, Sport and Weather.
6.10 Telethon.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 Boxing—WBC World Heavyweight Championship: Muhammad Ali v Larry Holmes from Las Vegas.
8.30 Holding The Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 Seven Ages.
11.45 Golf—Dunlop Masters.
12.15 am Close, with Tony Bastable.

All IBA Regions as London, except at the following times:

ANGLIA

12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.20 Anglia News. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Emmerdale Farm. 6.00 About Anglia. 10.30 Seven Days. 11.00 Golf. 11.30 Soap. 12.00 Friday Late Film: "A Covenant With Death." 1.40 am At The End of the Day.

ATV

12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 Home-Made For The Home. 1.20 ATV News. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Diff'rent Strokes. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 Golf Highlights. 11.30 ATV News. 11.35 The Best of British: "The Innocents," starring Deborah Kerr.

BORDER

12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home Made For The Home. 1.20 Border News. 4.15 The Danedyke Mystery. 4.45 Animals In Action. 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Superstar Profile. 10.30 Your MP. 11.00 Golf. 11.30 Vegas. 12.25 am Border News Summary.

CHANNEL

12.30 pm Homemade for the Home. 1.20 Channel Lunchtime News, What's On Where and Weather. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 What's On Where. 6.35 Encore. 10.28 Channel Late News. 10.35 Moura. 11.20 Golf Highlights. 11.50 Barney Miller. 12.15 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 Home Made for the Home. 1.20 North News. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Emmerdale Farm. 6.00 North Tonight—including Sports Call. 10.30 Superstar Profile. 11.05 Golf. 11.30 Reflections. 11.35 The Streets of San Francisco. 12.30 am North Headlines and Road Report.

GRANADA

12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 Home-Made for the Home. 1.20 Granada Reports. 4.15 The Danedyke Mystery. 4.45 Animals In Action. 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week On Friday. 11.00 Soap. 11.30 The Continental, Georges Poujouly in "Forbidden Games."

HTV

12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home-made for the Home. 1.20 HTV News. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Spiderman. 6.00 Report West. 6.30 WKRP in Cincinnati. 10.28 HTV News. 10.30 Report Extra. 11.00 Golf Highlights. 11.30 Doctors' Private Lives.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Take Your Partners at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Keep It Maclean. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer (S). 10.00 Lydia Artymiw piano recital (S). 10.55 Three 20th-century Motets (S). 11.25 Quartet Canada (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.20 Midday Prom, part 2 (S). 2.05 Comparing Notes (S). 3.05 Oboe and Piano recital (S). 3.35 Winterreise (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 6.55 Play It Again. 7.00 Poetry Now. 7.20 Frank Bridge, chamber music (S). 7.45 One Pair of Ears. 8.00 Mahler's Eighth Symphony (S). 9.30 Dancing with Kitty Stobling (S). 10.30 The Complete Webern (S). 11.00 News. 11.05-11.15 Schubert (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Loosely Engaged. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Real Evidence. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 In My Young Days . . . 4.15 Alternative Medicine. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,390

ACROSS

1 Reaction to cat? (8)
5 Phone in the wind (6)
10 Family has good start with loud noise (5)
11 Left before fall in surplus population (9)
12 Force denominations to reach agreement (4, 5)
13 Leave off steamer from own sheriff's men (5)
14 Judge who has his ins and outs (6)
15 Domestic work first shot in court (7)
18 Not wearing a horse in shape (7)
20 Favouring heavyweight particle (6)
22 Request for silence during game (5)
24 Fairy to measure boundary (9)
25 Study one cape being prepared (9)
26 Innocent individual in part of church (5)
27 Do this and that with worker in China (6)
28 Quickest to escape exam (8)

DOWN

1 Live to arrive and turn into (6)
2 Burglar telling jokes? (9)
3 Trouble in a flash from sudden stoppage (9, 6)
4 Point to company with yearning for affliction (7)
6 Twelfth Night with a two weeks' run (4, 11)
7 Attends upon singers (5)
8 Glad to be taken off (8)
9 Month relative briefly developed poisoning (6)
16 At home with unfashionable railway presented without details (2, 7)
17 Wintry shower is a bloomer (8)
19 Upset writer cut relative (6)
20 Examination according to Saul revised (7)
21 Pressing description of Abraham (6)
23 A pint may be far from suitable (5)

Solution to Puzzle No. 4,389

AUBURN SHADDOCK
CONTENT NECKTIE
ROUT MURMURINGS
TITTUP BITTERN
HEATHER FORMER
INFORMALLY BUSS
HALIBUT SPANNER
COMFRERE CHARGE

ENTERTAINMENT GUIDE

OPERA AND BALLET

THEATRES

THEATRES

CINEMAS

CLUBS

ART GALLERIES

THE ARTS

Cinema

Many happy(?) returns by GEOFF BROWN

The Big Red One (AA) Classic Haymarket
The Shining (X) Warner West End
Slow Motion (X) Camden Plaza
'Heart of Darkness' season Electric Cinema Club

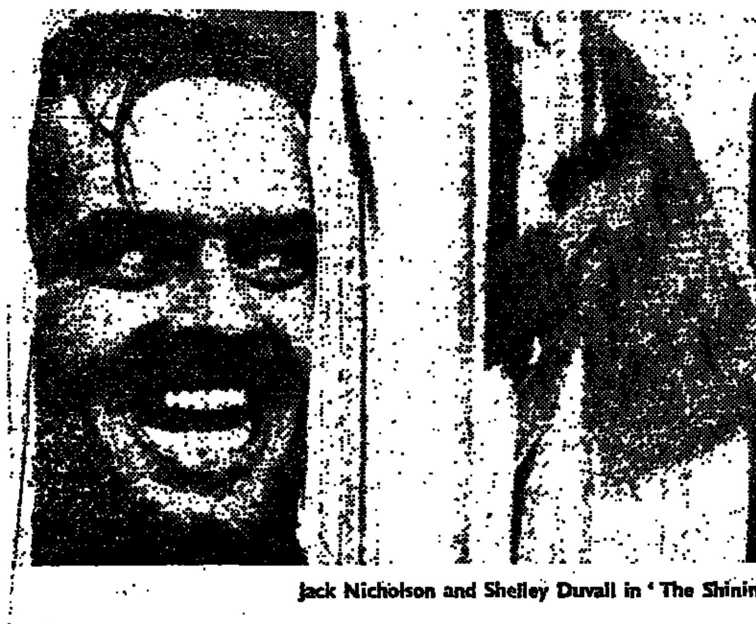
It's been a week of spectacular return visits. Samuel Fuller, whose output paradoxically dwindled the moment he was taken up in the late sixties as a cult director, has returned with *The Big Red One*, his first film since the German-made *Dead Pigeon on Beethoven Street* in 1972 and his first American film since 1967. Stanley Kubrick has returned with *The Shining*, five years after the controversial *Barry Lyndon*. And Jean-Luc Godard has returned to something approaching mainstream art cinema with *Sauve Qui Peut (La Vie)* (exhibited under the title *Slow Motion*), having spent most of his time since May 1968 burowing deep into politics and film form working with the Dziga Vertov collective group, working in video, and avoiding all star performers except Jane Fonda and Yves Montand.

In Fuller's case, the period of absence is even longer than it first appears: *The Big Red One* was actually announced as a Warner Brothers production in 1957, starring John Wayne as a sergeant of the First Infantry Division, bludgeoning his way through the battlefields of Europe and the Middle East. Twenty-three years on, the hero is Lee Marvin, and in the mould Fuller has now cast the film he is the only performer available who could properly carry off the part of the dedicated man of action too hard-bitten to have any time for patriotic flag-waving, who knows that the only glory possible in war is survival rather than victory. This is a war film without a great deal of gore (note the "AA" certificate), without twenty renditions of "The Stars and Stripes" or loving processions of military hardware. Instead, it is a war film bursting with nightmare images (a shell-shocked horse charges through the gloomy hell of a corpse-strewn battlefield), bizarre comedy (a pregnant woman is delivered of her baby with her legs strung up inside rounds of ammunition), aphoristic exchanges of dialogue ("Did I kill the guy that killed me?" *asks a dying soldier*; "Yes," replies Marvin, poker-faced).

There is virtually no plot (the script is Fuller's own) and only rudimentary attempts at characterisation. Marvin is merely "The Sergeant"; his quartet of young riflemen who follow him all over World War Two generally conceal their idiosyncracies behind the brand image of a cigar-chewing, élitist corps, surviving intact while only squad replacements get hit. We are left with action, pure and simple, of a kind hardly encountered since the heyday of the Hollywood war film in the forties and fifties when the screens ran riot with steel helmets and jeeps. Some spectators may prefer to see the genre enter the vaults of history, but it's hard not to be disarmed by Fuller's ability to ignore all recent cinema trends and plunge his audience back into the days when films could offer pure physical excitement untrammelled by moral niceties. Not that the film is empty-headed: Fuller has characteristically loaded it with pointed exchanges on the hypocrisy of the semantic distinction between the verbs "to murder" and "to kill," on the equally uncertain distinction in wartime between the sane and the insane (one of the squad's exploits is the liberation of a Belgian lunatic asylum, bringing to mind Fuller's *Shock Corridor* of 1963). But the debate of ideas—at least in this present print (cut by almost half an hour from the director's own version)—remains submerged and inchoate. We may take note of his arguments in one corner of our minds, but it's Fuller's images, and the excitement they generate, that we take to our hearts. All told, *The Big Red One* is quite an experience.

★

And so is *The Shining*, but where Fuller's film offers physical exhilaration, Kubrick's $18m horror epic offers considerable boredom, laced with just a few effectively chilling moments. As all readers of Stephen King's best-selling novel will know, this is the story of the terrifying effects seclusion in a vast, deserted, snowbound hotel has on the building's new caretaker (Jack *Nicholson), his wife (Shelley* Duvall) and child (Danny Lloyd); effects that end in axe blows, bloodshed, and general demonic fury. Unfortunately, Kubrick's version shows some of the terrifying effects seclusion in a film studio can have on an infinitely painstaking director. *Just* as Nicholson's Jack Torrance digs himself into the Overlook Hotel deep in the *Colorado mountains, so Kubrick* dug himself into the EMI Elstree studios for a year, driving some of his cast (notably Shelley Duvall) close to the edge with his constant demands for retakes to catch the right degree of hysteria, constructing an enormously elaborate hotel set, with fantastic art deco furnishings, vast stairways and a maze of corridors. A great deal of screen time is spent *exploring this* hotel: it looks absolutely splendid, for which much credit is due to photographer John Alcott and production designer Roy Walker. But the camera's peregrinations hardly help to kick the film into dramatic life: once the Torrances set up in their winter headquarters it becomes distressingly apparent that the film is almost as over-decorated and empty as the Overlook Hotel itself. Take away the opulent visuals and the portentous slowness of Kubrick's direction, and *The Shining* resembles just another version of the hoary but dependable tale of the old dark house with a history of mayhem, whether it's Norman Bates' motel from *Psycho* or a certain castle in Transylvania. And the tale has been told with far *greater effect, at far less cost*, before — though one must acknowledge the individual strength of Jack Nicholson's performance, with its slow crescendo of eye rollings, manic smiles and eyebrow gymnastics. *The Shining* may be meticuously crafted, but it is also cold and unengaging; the question mark that hung around Kubrick after the immaculate but calcified *Barry Lyndon* refuses to go away.



Jack Nicholson and Shelley Duvall in 'The Shining'

★

The film that marks Godard's return deserves more consideration (and more column inches) than one viewing can generate, though I still feel confident in nominating *Slow Motion* as the most provacative film currently showing in London. Its English title is justified by Godard's frequent recourse to stop-motion photography, catching *his characters in the act of* bicycling, or playing football, or fighting, or typesetting. For despite his return to star names (including Isabelle Huppert and Nathalie Baye) Godard has not returned to anything resembling a linear narrative or a conventional relationship between sound and image. The film deals with the briefly intertwined lives of three people—one Paul Godard *(the name of the director's father)*, his girlfriend, and a prostitute—who spend much of their time locked in argument over work and relationships or mechanically performing their jobs and domestic duties. Huppert's prostitute, for instance, services her clients with a frozen face, and both parties think nothing of interrupting their "tricks" with business phone calls. Clearly, Godard's outlook on life and its possibilities for happiness hasn't grown rosier with the passing years, though he is careful to set his narrative incidents of late 20th-century angst within an audio-visual framework of mysterious overheard music ("What is that music?" people ask; there is no answer) and lingering shots of the countryside (the girlfrend longs to move there from the city). Indeed, much of the film is visually beautiful, but it never provides easy viewing: as a film-maker Godard remains as rigorous and quirky, and as stimulating, as ever.

★

More quirks and stimulation may be found at the Electric Cinema Club in Portobello Road, which throughout October and November presents a treasure *trove of 50 Hollywood films from* the curious genre of *film noir*—a genre subsumed under the all-purpose label "thriller" until French criitcs pounced on the streak of bleak despair and expressionist poetry in films like Jacques Tourneur's astounding *Build My Gallows High*. The Electric's selection mixes well-known titles with fruitful revivals like Rudolph Mate's *D.O.A.* and *Irving Pichel's Crack-Up* (a badly directed but bizzarre affair which opens the season on Sunday). And there's one unmissable curio, a long way ahead on November 18: *Deadline at Dawn*, the only film directed by the late Harold Clurman, with a typically wild script by his Group Theatre colleague Clifford Odets.

Shaftesbury

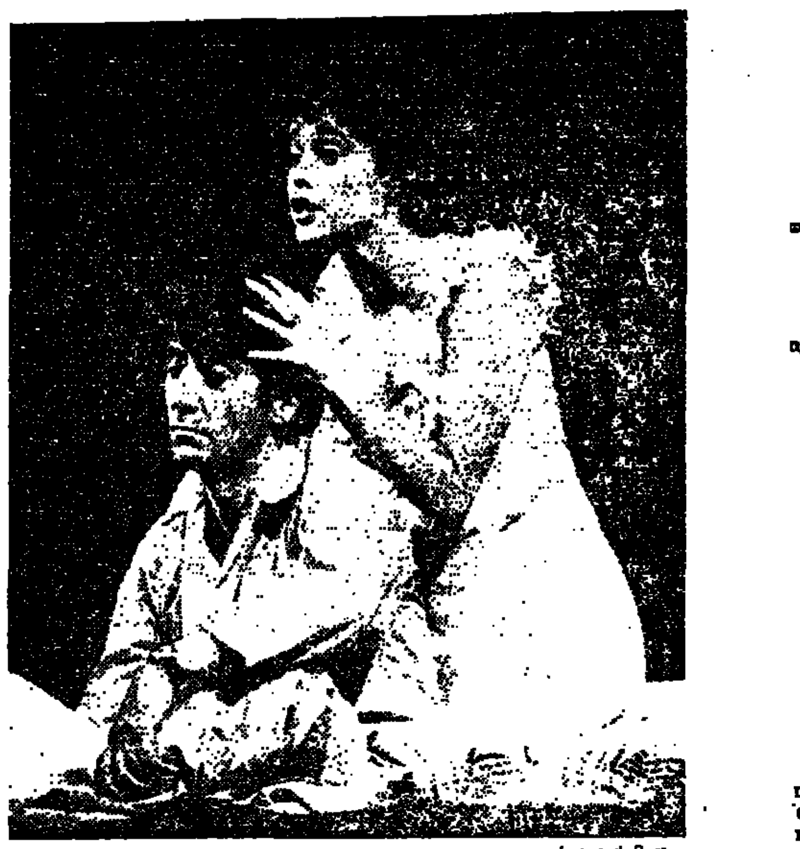
They're Playing Our Song

by B. A. YOUNG

I loved Gemma Craven as Sonia Walsk, the girl lyric-writer whose proposed collaboration with composer Vernon Gersch is hopelessly *confused by her* "unresolved relationship" with her latest boy-friend Leon. She looks very young for 30, her alleged age; in the absurd dresses she gets handed down from friends in the theatre, she's more like 20, but this hardly matters. Hamlet claims to be 30 too but he can be anything from 20 to 60. Miss Craven, her body as restless as her mind, whisks from bed to telephone to club to recording *studio, singing sentimental* songs on the way that only occasionally use Sonia Walsk lyrics. She has three attendant spirits that act out her emotions when she cannot put them adequately into words. I suspect they also write her songs for her, for we never see her working except half-way through the second act, and then she is only singing, and very prettily, "I still believe in love."

I liked Tom Conti too, enormously, as Vernon Gersch, whom she leads into adventures half-professional and half-amorous, adventures that always fail because Leon telephones at three in the morning. Mr. Conti plays some of his music live on the keyboard; like Ravel, Vernon composes at the piano, though unlike Ravel this is *clearly not pour inventer de nouvelles harmonies.* Mr. Conti's patience is a delight as Sonia leads him to one disaster after another—never on time, leading him to a dance-floor when he can't dance, to a beach-house belonging to the wrong person. He looks at home in a hospital bed, though he has only broken a leg this time and has enough movement available to compose, play and sing a song.

There are innumerable scene-changes, designed by Douglas W. Schmidt with sliding panels and projections and a revolve. They give us 10 scenes altogether without a moment's waste of time (except on opening night when Mr. Conti's MG Midget drove too far round the revolve). The smooth production is by David Taylor, following the original by Robert Moore.



Leonard Burt

Tom Conti and Gemma Craven

You will perhaps want to know a little more about the play, now that you have heard about the performances.

I have to say that Neil Simon's book is thin stuff. Sonia wants *Vernon to work with her, but* her unresolved relationships stop any work being done until they drive off to this beach house. The fact that it's the wrong house is only put in for a few easy jokes, for they move to the right house once the jokes have been made. It looks as if a viable connection may have been forged: but in a big, or biggish, emotional scene in a *recording studio it is ruptured*, only to be repaired later after Vernon has had his leg broken in a motor accident in Hollywood. There is a happy ending without the help of music; the song for that conclusion, "Fill in the words," has already been given by Vernon in his hospital bed, accompanied by himself on a toy piano and his three attendant spirits—yes, he has them *too—on three more.*

I didn't like the songs any more than the book. Marvin Hamlisch writes singable, forgettable tunes that might have been filtered out of Rakhmaninov; Carol Bayer Sager writes vapid lyrics that really fade out once the title words are sung. Luckily, neither the songs nor the story matter very much when you have Mr. Conti and Miss Craven giving their enchanting performances against Mr. Schmidt's scenery. It's their show completely.

Dance survey published by Gulbenkian Foundation

After nearly five years of research and deliberation, the *report of the Inquiry into Dance* Education and Training in Britain has been published by the Calouste Gulbenkian Foundation (98, Portland Place, London, W1: price £5.50).

It is a unique survey, whose recommendations are summarised under the heading "A national plan for the 1980s." These incorporate many of the hopes and aspirations of dance teachers, dance students and *professional performers*, but they highlight the vast areas of endeavour still to be made: in reorganisation and rationalisation of training, in encouraging educational authorities to provide proper grants and subventions, in making dance—in its many forms—a necessary and enhancing aspect of education.

C.C.

Croydon Warehouse

Guests

by MICHAEL COVENEY

The well-written costume drama, new or old, for ten characters is having as hard a time finding a home in the subsidised sector as on Shaftesbury Avenue. Admittedly there cannot be that many plays of today set among the gin-swilling white residents of Happy Valley, Kenya, in 1938. But the arrival of Robin Chapman's entertaining and beautifully controlled piece at the Croydon Warehouse—a refreshingly crumbling antidote to the Fairfield Halls round the corner—is a salutary reminder that even if the fringe is showing little experimental nous at the moment, it can occasionally operate as a valuable safety net for quality conventional work.

In the course of one highly eventful evening, the Scots *alcoholic trail-blazer*, Bertie McIntyre, is reduced to a state of humiliating self-awareness. His party, after a bout of strip poker and several gallons of gin fizz, totter up to visit the Hindu estate manager. What Mrs. McIntyre knows becomes general knowledge after she accuses Patel's son of touching her indecently on the dance floor: in the ensuing row, Patel asserts with dignity his economic dependence of the whites for, through hard work and application, he has bought out McIntyre. The son, too, with his displays of etiquette, Dixieland records and business studies, is all set to reclaim his inheritance.

Although McIntyre sets off in the dawn determined to take the Roman way, this is not a one-character play. His wife (Jill Booty) comes close to some sort of confessional breakdown in the shadow of the huge, sullen Masai warrior who looms threateningly in the shadows. A young couple newly arrived in the valley are callously initiated in the week-end sport of mixed-doubles, young Ian finding himself rolling around in a tiger skin while the insatiable Topsy Evans (Karen Ford) slips out of something comfortable. Although the use of period language and cliché is ostentatious, it is at least always convincing. The bond between McIntyre (Terence Bayler) and the indefatigably bonhomous Bongo (John Cater) is cunningly expressed in locker-room *and public-school banter.* That relationship achieves a fine climax at the end when it is decided that judgment should be left to those who come after.

The fact that, in terms of subject, we have been here before in no way invalidates the urgency of what Mr. Chapman is saying, any more than does the history of Kenya since the war. Richard Ireson's production is especially good at tinging the after-dinner high jinks with a hint of despair, even if certain social set pieces cry out for more detail and definition.

Ronnie Scott's

Anderson/Carr

by KEVIN HENRIQUES

Catching its breath before the autumn onslaught from big names and big events (two weeks of Oscar Peterson, a week from the Louie Bellson band, one night with the Gerry Mulligan band, a week from musical writer, sometime altoist, John Dankworth, topped off by George Melly for Christmas) Ronnie Scott's is providing until next Monday a deceptively run-of-the-mill mixed bill which deserves and rewards attendance.

Singer Ernestine Anderson opened the present Scott Club premises in December, 1965, along with Yusef Lateef. As with most dedicated jazz singers her art seems to improve with age. A deep-voiced, gutsy performer with roots in shoutin', hollerin' blues she boasts a rich, full sound which allows her to consummately pull off painfully slow treatments of numbers like "Poor Butterfly."

She indulges in some scatting but copes capably with a diversity of material taking in the surprising "You are my sunshine," the not so surprising "What a difference a day makes" (associated with her most obvious influence Dinah Washington) and, most soulful of all, some rusty, dusty blues associated with Jimmy Rushing and Billie Holiday.

Abrupt contrast is provided *by a trio comprising organist* Mike Carr, drummer Bobby Gein (on a fleeting visit from his native South Africa) and altoist Peter King (no, *not* Ronnie Scott's co-partner).

King blows with a coruscating passion and commitment unmatched by any other British alto-saxist. Spurred by the energetic Carr whose agile bass pedal work gives him the edge in listening interest over other jazz organists in this country, King attacks rabble-rousing arrangements of pieces like "On a clear day" with bravura and a constant flow of ideas happily bereft of easy clichés.

Like Ernestine Anderson he has another side too as he *showed in his tender reading of* that much neglected ballad "Old folks." It is the feverish numbers, some over-elongated when Carr adds a not too impressive solo on Fender Rhodes *piano*, which contain stunning impact.

Melody Maker winners

As usual the Melody Maker readers poll of artists of the year underlined the conservatism of the public. Genesis, which started as a Charterhouse band 13 years ago, picked up six awards including band of the year and best live act. Another very established group, Pink Floyd, was voted creator of album of the year with "The Wall" and the *hit single also took the top* prize. Top female singer for the third year was Kate Bush and ex-Genesis singer Peter Gabriel was voted leading male singer.

Elizabeth Hall

American Experimenters by ANDREW CLEMENTS

Defining traditions in the development of American music can be a frustrating occupation. Yet Wednesday evening's concert by the London Sinfonietta Voices, conducted by William Brooks, was given the title "The American Experimental Tradition." Through Billings, Heinrich, Ives, and Cage to younger contemporary composers a line of descent may be drawn, but it is a rather negative kind of fellowship. Each composer reacted against the received musical idiom of his day in a different way; only in the past two decades have charts of relationship been drawn and tenuous connections between generations established.

Nevertheless one might have expected an evening of bracing enjoyment, of novel sounds and adventurous harmony, of original, uncivilised voices. In three of William Billings's hymns — raw, crudely put together, but with undeniable energy — and Ives's setting of Psalm 54 there was a freshness of spirit, an openness of mind that has continued to characterise the best American music up to Elliott Carter and beyond. But elsewhere in this long concert there was little to fulfil the most *modest* expectations.

The programming was partly at fault. The concert began with a recent work by James Fulkerson, *He was silent for a space . . .*, which (intended as a response to the writings of Doris Lessing) stretched the statutory few scraps of vocal sound — whistles, hisses, open vowels—over an absurdly long time-span. After such a benumbing opening Heinrich's *The Adieu of the Pilgrims to their Native Land* could hardly fail to try the patience, for all the novelty of a work, written in the 1830s, that defines its own structure (essentially a set of loose variations) as it proceeds and refuses to recapitulate any theme or motive.

It is a pity that Mr. Brooks did not feel able to include one of his own works in the programme. Presumably he does not see himself as part of an experimental tradition, but what little of his vocal music I have heard suggests vitality and wit, and the latter quality was sadly absent in everything the Sinfonietta Voices sang. *Three Indian Choruses* by a contemporary of Ives, Arthur Farwell, were at least ingratiating, but sat uneasily in that company. If they belonged to any American tradition at all, it is surely not to the experimental, but to the populist which, spearheaded by Copland, took over American music in the New Deal years.

John Cage was represented by his *Hymns and Variations* written last year, a further elaboration (if that is the right word) of the two hymns by Billings used in his earlier *Apartment Building 1776*. Abstractions of the two hymns are followed by ten variations upon them, all keeping to the same steady pace and fastidious range of dynamics, all stringing together isolated phonemes. The effect at first is beguiling, later *infuriating*.

The concert ended with *Perfumes and Meanings*, by Neely Bruce, commissioned by the London Sinfonietta for this occasion. It might have been intended as a synthesis of all the stylistic blind alleys heard in earlier works, from Billings's "fuging" tunes to the non-musical sounds of Fulkerson. The text, gradually revealed, is from Whitman's *Song of Myself*, a further (incidental) comment on the evening's fare. The very qualities supposed to distinguish the "Experimental Tradition" are to be found in Whitman; here, in musical form, they were only watered down.

APPOINTMENTS

TRAVEL

BOND DRAWING

INDUSTRIAL BANK OF FINLAND LIMITED
9¼% 1975/1983 Guaranteed Bonds UA 15,000,000

Bonds for the amount of UA 1,500,000 have been drawn on September 18, 1980 in the presence of a Notary Public for redemption on November 7, 1980.

The following Bonds will be reimbursed coupon No. 6 due on November 7, 1981 and following attached:

1198 to 2697 incl.

Amount unamortised: UA 12,000,000

Outstanding drawn Bonds:

12041 to 12057 incl., 12059 to 12068 incl., 12091 to 12094 incl., 12097 to 12104 incl., 12111 to 12113 incl., 12116, 12127 to 12131 incl., 12136 and 12137, 12146 to 12231 incl., 12239 to 12247 incl., 12256, 12281 to 12296 incl., 12330 to 12369 incl., 12469 to 12474 incl., 12477 and 12478, 12491, 12498, 12519, 12530 to 12539 incl., 12572 and 12573, 12581 to 12599 incl., 12617, 12646 to 12670 *incl.*, 12687 *and* 12688, 12742 to 12746 incl., 12751, 12852, 12895 to 12901 incl., 12932 to 12935 incl., 12937 and 12938, 12970 to 12974 incl., 12995 to 13001 incl., 13030 and 13031, 13116 to 13121 incl.

Luxembourg.
October 2, 1980.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

COMPANY NOTICES

CITY OF COPENHAGEN 9¼% 1975/1985
UA 25,000,000.—

Notice is hereby given to Bondholders that, during the twelve-month period ending September 24, 1980, nominal UA 456,000 have been purchased for the account of the City.

Outstanding amount: UA 24,544,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg
October 3, 1980

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

3½% Debenture Stock, 1963-93
13% Debenture Stock, 1997-99

NOTICE IS HEREBY GIVEN that the Registers of the Corporation's above mentioned Debenture Stocks will be closed for Transfer and Registration from 20th to 31st October, 1980, both days inclusive.

By Order of the Board.
H. J. McTURK,
Secretary.

48 Palmerston Place,
Edinburgh EH12 5BR.
3rd October, 1980.

UNION DE BANQUES ARABES ET FRANCAISES — U.B.A.F.

Loan of US $30,000,000
Floating Rates 1977/82

Bondholders of this loan are hereby informed that the rate applicable to the eighth interest period has been fixed at 13%.

Coupon No. 8 will be payable as from March 26, 1981 at the price of US$65.36 equivalent to an interest of 13% worked out on the basis of 181/360th covering the period from September 26, 1980 to March 25, 1981 inclusive.

The Fiscal Agent
CREDIT LYONNAIS LUXEMBOURG

SVERIGES INVESTERINGS BANK AB
(Swedish Investment Bank Limited)
7¼% U.S. $ BONDS 1980/1987

S. G. WARBURG & CO. LTD., announce that the eleventh instalment of Bonds for a nominal value of U.S.$1,000,000 have been purchased in full for the redemption due on 1st November, 1980.

U.S.$10,500,000 nominal bonds will remain outstanding after 1st November, 1980.

30, Gresham Street,
London EC2P 2EB.
3rd October, 1980.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN OKUMA MACHINERY WORKS LTD.

We are pleased to confirm that copies of the Financial Statements for the year ended March 31, 1980 of Okuma Machinery Works Ltd., are now available to EDR holders, upon application, at the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB, and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK N.A.,
London Depositary.

October 3, 1980.

CANON INC.

Advice has been received from Tokyo that the Board of Directors has declared a payment of DIVIDEND of Yen 5.00 per share for the six months period ended 30th June 1980.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDR's) wishing to claim this dividend in respect of the shares represented by their share EDR's should present Coupon No. 35 at the office of HILL SAMUEL & CO. LIMITED, 45, BEECH STREET, LONDON EC2P 2LX, where listing forms are available or BANQUE INTERNATIONALE A LUXEMBOURG, 2 BOULEVARD ROYAL, LUXEMBOURG.

Payment in sterling will be made at the rate of exchange ruling one day after presentation.

Holders of BEARER DEPOSITARY RECEIPTS (SHARE BDR's) wishing to claim this dividend in respect of the shares represented by their share BDR's should present Coupon No. 12 at the office of HILL SAMUEL & CO. LIMITED, 45 BEECH STREET, LONDON EC2P 2LX where listing forms are available or:

ALGEMENE BANK NEDERLAND N.V.,
32 VIJZELSTRAAT,
AMSTERDAM.

CITIBANK N.A.,
111 WALL STREET,
NEW YORK,
N.Y. 10015.

SOCIETE GENERALE,
29 BOULEVARD HAUSSMANN,
75 PARIS 9.

THE FUJI BANK LIMITED,
IMMERMANNSTRASSE 3,
4 DUSSELDORF.

KREDIETBANK S.A.,
LUXEMBOURGEOISE,
43 BOULEVARD ROYAL,
LUXEMBOURG.

Payment will be made in U.S. Dollars at the rate of exchange ruling one day after presentation.

Japanese Withholding Tax at the rate of 20% will be deducted from the proceeds of the dividend, except in the case of holders resident in the following countries.

ARAB REPUBLIC OF EGYPT	THE NEDERLANDS
AUSTRALIA	NEW ZEALAND
BELGIUM	NORWAY
CANADA	SINGAPORE
DENMARK	SPAIN
FINLAND	SWEDEN
FRANCE	*SWITZERLAND*
IRELAND	UNITED KINGDOM
ITALY	UNITED STATES OF AMERICA
KOREA	WEST GERMANY
MALAYSIA	

To obtain payment under deduction of Withholding Tax at the reduced rate of 15%, residents of the above countries must furnish a declaration of residence as required by the Japanese Ministry of Finance. The declaration in respect of holders resident in the United Kingdom is incorporated in the listing form.

For residents of all other countries a separate declaration must be furnished, giving the name and address of the beneficial owner, the number and definitive numbers of EDR's BDR's held, and attesting that he is entitled to the 5% Tax Relief persuant to the Tax Convention between Japan and the country concerned.

Share EDR/BDR holders resident in the Republic of Korea will receive payment under deduction of Withholding Tax at the reduced rate of 12% and residents of Zambia without any deduction subject to the provision of a declaration as set out above.

Attention is drawn to the fact that the above mentioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within 8 months of the record date. Thereafter tax will be deducted at the full rate of 20% and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

United Kingdom Income Tax at the appropriate rate will be deducted from the proceeds unless the Coupons are accompanied by a United Kingdom Affidavit of Non-residence.

Full information may be obtained from HILL SAMUEL & CO. LIMITED.

HILL SAMUEL & CO. LIMITED,
45 Beech Street,
London EC2P 2LX.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

The Buckinghamshire County Council issued on 3rd October 1980 £6m Bills due 2nd January 1981. Tenders totalled £57m. The entire issue was made at 14 23/64%. There are on other Bills outstanding.

PLYMOUTH CITY COUNCIL BILLS

£0.5m issued 1st October at 14¼%. Due 31st December, 1980. Total applications £5m. Bills outstanding £0.5m.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Friday October 3 1980

A party in chaos

BY ANY standards this has been a pretty disastrous week for the Labour Party. Indeed the only way of arguing that the proceedings at Blackpool have done any good at all, is to say that the state of the party is now visibly so bad that things can only get better because the more sensible members will begin to assert themselves. That is the argument of Mrs. Shirley Williams, and some of her colleagues, and we wish them well.

Policy

For the moment, however, the outlook is bleak. The Blackpool conference agreed to several fundamental shifts of policy which it will be difficult to reverse and which, if not reversed, will make it exceedingly hard for the party to win a general election. It is not only the commitment to withdraw from the European Community nor to unilateral nuclear disarmament. There was also a sharp move to the Left in economic policy. The conference approved a degree of state intervention which assumes not only that intervention is a universal panacea but also that unlimited funds are available. In the economic debate the word inflation was scarcely even mentioned. The delegates looked at the record of previous Labour Governments and decided that they failed because they were insufficiently Socialist. That is not exactly the conclusion of the electorate as a whole.

There was also the extraordinary phenomenon of the party's Left-wing, which claims to be seeking more democracy, daily exhibiting its undemocratic methods on the television screens. The nation's television watchers will have formed their own views about whether Mr. Anthony Wedgwood Benn and his supporters, really are the popular democratic reformers that they claim to be. Their verdict is unlikely to have been favourable.

Reforms

The point about the campaign to reform the party's constitution which came to dominate the conference is not so much whether the reforms are desirable in themselves; it is the nature of the people who are pushing them. If this was not clear to the public at the beginning of this week, it must certainly be clear by now that the far Left wants reform, not in order to make the party more democratic, but to impose its own role on the making of party policies.

The main issue turned out to be the method of electing the party leader. The situation here looked slightly less bad yesterday than it did on Wednesday. The conference has accepted the principle of choosing the leader by a wider franchise than the Parliamentary Labour Party, but has avoided foisting a new system on the party overnight. There will now be consultations between all interested bodies and a special conference to resolve the matter early in the New Year.

Even so, the outcome is far from satisfactory. The trades unions already dominate the party financially. They are now being offered what could be the decisive say in the election of its leader. The merit of the existing election system is that the MPs who make the choice have themselves been democratically elected. That cannot be said of all the trades union delegates who are now being offered a vote, and still less can it be said of constituency delegates, few of whom have been elected by any system that could be called remotely democratic.

Solution

There remains the question of what happens between now and the special conference. Under the existing procedure, the party must elect or re-elect its leader in November. Yet anyone elected then would have to await the results of the special conference to see if he was secure in office. One solution would be for Mr. James Callaghan to stay on as caretaker until the special conference is out of the way. The message from Blackpool, however, is that that would only be acceptable to a substantial part of the parliamentary party if Mr. Callaghan is prepared to fight — for the creation of a party that would have some chance of gaining popular support. That is not the way he has been behaving in Opposition so far. The idea that "Jim will fix it" has been shown not to work. If he is not ready to fight the Left, the sooner he goes the better.

Report on the wrong track

THE RULE that a silly question will get a silly answer is clearly not invariable. The Government put a silly question to the Monopolies Commission about the operation of London commuter services, and it has got a more sensible answer than it deserved. The Commission was asked to report simply on costs, efficiency and monopoly. It has replied that while the service could certainly be improved through better management, and might be made to yield more revenue, such steps as it has identified will not solve the problems of a service which it says is under-capitalised, under-paid, under-manned, and demoralised by lack of clear objectives.

The 'social railway'

The Commission gets to the heart of the problem when it defines the commuter network as "the social railway." Railways are almost as necessary to the functioning of a major conurbation as sewers; there is only a little more economic logic in the idea that the one should be charged entirely to the rates, and the other strive to recover all its costs from users, than in the notion that rail travel should be free (as some of the Left argue) and sewerage metered and charged.

The task of Government is to decide how far commuter services should be supported by those who do not use them, but nevertheless benefit from their existence—road users, employers, retail and entertainment businesses, and society at large. Only within a realistic financial framework can the commuter services be expected to maximise their returns and plan for the future.

Unfortunately the Commission was not asked to comment on this problem, and has had to satisfy itself by calling on the Government for a clear policy. Economic logic suggests that the major burden of any necessary subsidy should be borne by the local rather than the national community. However, this is not the general practice in other countries. The reason is simply that the very forces which have undermined railway economics — the much more flexible mobility and lower marginal costs offered by road transport — have also sapped the economies of the major conurbations which were largely created by the railways. This is as true of New York as it is of London. Economic logic should, therefore, be tempered by the general need to help major cities through the strains of adjustment.

The decision on an appropriate subsidy is not an easy one. Broadly, the service should charge what the traffic will bear —but not, as has been the case in recent years, so much as to drive a rapidly-growing proportion of traffic on to competing and overcrowded means of transport. The aim should be to secure the maximum convenient use of an important resource. With proper terms of reference, the Monopolies Commission might be able to offer valuable advice on this difficult question.

A further issue which falls outside its competence is the proper administrative framework for the commuter service. Logic again suggests that it should be run as part of a general mass transit system—the theme of reapted approaches by the Greater London Council to British Rail. Unfortunately, the GLC's record does not support this case.

Helpful suggestions

The report cannot tackle these fundamentals, but is helpful. The suggestion that part-time labour should be more widely used to meet peak loads is useful—but so self-evident that it is hard not to suspect that the idea has been tried and resisted. Absenteeism, in spite of low pay, is quite a widespread problem in Britain's moonlighting economy, and an obstinate one, but it is one which management and unions should clearly address.

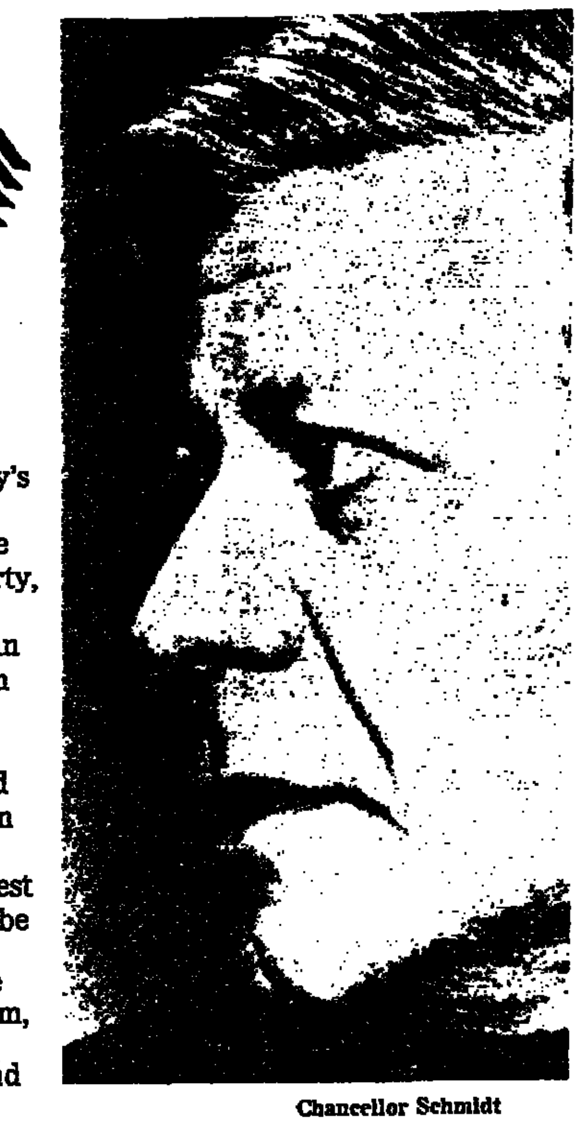
The present fare structure is far from perfect, especially the large discount on season tickets in an era of rising rates, and the lack of load-spreading incentive fares to encourage early travel. Carriages could be cleaner and public relations better. But unless the fundamental issues are faced these lesser questions are irrelevant.

THE WEST GERMAN ELECTION

Stability in unstable times

JONATHAN CARR in Bonn assesses the prospects of the two protagonists in Sunday's elections—Chancellor Helmut Schmidt of the Social Democratic Party, and Herr Franz Josef Strauss of the Christian Democratic—Christian Social Union alliance. The campaign has not been as passionate and divisive as expected, in spite of many issues deeply worrying to West Germany. This may be because the Germans have a new confidence in their political system, which has been put through many tests and has not been found wanting.

Herr Strauss
Riveting flights of oratory



Chancellor Schmidt
Intends to stay in power

IN ONE important respect, the result of the West German general election on Sunday does not matter. Whichever side wins, the stability of the country's democratic system itself is not in danger.

If Chancellor Helmut Schmidt is returned to power, as most people seem to expect, there will be much the same Cabinet and policies (with a few interesting new perspectives). If Herr Franz Josef Strauss becomes Government leader, as many even on his own side appear to doubt, there will clearly be changes — but not of the apocalyptic kind his opponents often suggest.

The shriller voices in the election campaign — and there have been quite a lot of them — have claimed that the country faces a fateful, almost irrevocable decision. Some cry that the choice is simply "freedom instead of socialism," others that it is "freedom instead of Strauss." But the signs are that most people feel they face no such alternatives — and will not be bamboozled into thinking they do.

Isn't this rather odd? After all it had been suggested in advance that the country faced one of the toughest campaigns in its 31-year history. How could it be otherwise, it was asked, when two of Germany's finest political orators—Herr Schmidt and Herr Strauss—were facing one another in a "battle of the giants?"

Nor have controversial issues been lacking. At home, debate has centred on State debt and the future of the market economy, energy and environmental policy, and latterly law and order in the wake of the bomb explosion in Munich which killed 13 people and injured more than 200.

Abroad, the Soviet intervention in Afghanistan, the uncertainty about how events will develop in Poland, the postponement of a planned East-West German summit meeting — all this places a question mark over the future of Bonn's relations with Moscow and Eastern Europe.

At the same time, there has been friction with the U.S. — for example over nuclear missiles and the form of Western response to the Afghanistan invasion. With their lengthy common border with the Warsaw Pact, with the special position of Berlin 100 miles inside East German territory, and with their relatively large stake in human and trade contacts with the East, the West Germans have more cause than most to be deeply worried by all this.

Similarly, the Federal Republic's particularly high level of dependence on imported oil gives Germans special cause for concern about the consequences of the Iran-Iraq war.

All this might surely have brought a climate of fear for the future, of disorientation — a greater readiness to listen to anyone offering patent remedies. Yet for all the earlier talk about confrontation, the mood in the last month has been less passionate and divisive than that apparently prevailing this week at the British Labour Party Conference in Blackpool.

Why is this? It is clearly nonsense to suggest that Germans as a whole do not care about these matters, or are poorly informed—or are simply shocked into immobility.

The most obvious but only partial answer is that the country is well led by Herr Schmidt. This is clear not only to many people outside Germany and in the Bonn Government camp but—unfortunately for Herr Strauss—also to voters who by no stretch of the imagination could be called dedicated socialists.

It used to be said that Herr Schmidt's electoral chances looked good—so long as no

Many voters believe Herr Schmidt can handle a crisis well

major domestic or international crisis arose close to polling day. But it seems that even when such crises do emerge many Germans are inclined to feel that Herr Schmidt can handle them at least as well as anyone.

That does not necessarliy mean that Germans believe Herr Strauss would act rashly in a crisis—as his opponents constantly say. (They also claim in the same breath that one of Herr Strauss's main faults is his inability to make up his mind.)

Nor does it automatically imply approval for the whole foreign policy line of Herr Schmidt's Social Democrat Party (SPD). But it does mean that when there is a tight corner, many Germans feel safe under Herr Schmidt's leadership. That weighs heavily in the balance at election time.

Herr Schmidt has been described in many ways—by critics as a "macher," implying one who gets things done but has no long-term vision; by his admirers as "the most competent statesman of the Western world," and by himself as "the senior executive of the Federal Republic." To see him on the campaign trail is to realise that, whatever his other cualities may be, he is te complete professional among politicians—one who marries knowledge and experience with a sense of drama and a taste for power.

He never talks over the heads of his audience—even when the topic is nuclear power, or coal gasification or nuclear missiles. He throws in local colour as though he has lived just around the corner for years, and he wins some good belly laughs at his opponents' expense. But for all the apparent off-the-cuff remarks, it is the controlled, disciplined performance of one who holds high office and firmly plans to stay there.

Herr Schmidt has had power at Government level for more than a decade—as Defence Minister, Finance Minister and since 1974 as Chancellor. At his public appearances you could sense that, even if you did not know his background.

Herr Strauss was a founder member of the Bundestag in 1949. He has also been Defence and Finance Minister, but he has been out of Government office for more than a decade, and you can sense that too.

His flights of oratory are even more riveting than those of Herr Schmidt. But the spectacle of him in full action at a public meeting is not always helpful to his cause.

His words chatter forth like machine-gun fire, his images become ever more colourful, his tie loosens, his face glistens from sweat under the arc lamps. It is magnificent, but it lays him more open to the charges of his opponents that he would behave in private in much the same way he does in public.

"This man cannot control himself—he must not have control over our country." shouts Herr Schmidt, stabbing a finger into the air. The roar of the crowd shows, time after time, that he has gained his point.

In spite of that, many Germans will vote for Herr Strauss and his Christian Democrat (CDU) - Christian Social Union (CSU) alliance. Indeed, the CDU-CSU has been picking up support in recent weeks, and might yet gain more votes than Herr Schmidt's SPD, as it did in the 1976 election.

How does that square with charges that Herr Strauss might lead West Germnay into international isolation and polarise public opinion at home if he becomes Chancellor?

The answer is that many voters simply do not believe this will happen—any more than they expect the country to drift very far to the Left if Herr Strauss does not win. The political system of the Federal Republic has given them what they want above all—stable government of the centre—and there is broad confidence that this will continue.

The SPD, after all, has never won an absolute majority of votes in the country's history. It gained its best result of 45.8 per cent in 1972 under Chancellor Willy Brandt, and it will have cause for self-congratulation if it equals that this time.

The CDU-CSU once gained an absolute majority, under Chan-

Support for Herr Strauss has picked up recently

cellor Konrad Adenauer in 1957, but not even the most enthusiastic conservative supporter is expecting that again.

The formula of two large political blocs, one Centre-Left, the other Centre-Right, with the small Liberal Free Democratic Party (FDP) holding the balance, clearly suits the Germans down to the ground.

To that extent even the talk about the Strauss-Schmidt "duel of the giants" has been something of a red herring. In addition to these two Goliaths there is an FDP David which has agreed in advance to continue to ally with Herr Schmidt. That is the real measure of what Herr Strauss is up against.

Suppose the FDP vanished below the 5 per cent mark of voter support needed as a minimum to permit representation in Parliament. On the face of it, that would seem to leave one or other of the major blocs free to pursue its aims in government wholly regardless of inconvenient coalition considerations.

But in fact both Left and Right say such a course would be suicidal. They argue that political liberalism is strongly entrenched in West Germany, that an election failure would shock potential FDP supporters into the closest watch on an SPD or a CDU-CSU in office, and that the Government would have to take account of this.

If it did not, it would lose power at the next election, and perhaps not regain it for a decade. Some members of the major parties even suggest that, without the FDP in Government there would have to be more Liberal policy—not less.

That said, even the presence of effective leadership combined with a party system favouring strong Government of the Centre still does not wholly explain the stability of the country in unstable times. The underlying reason may be that at last—35 years after the Second World War—West Germans are gaining a sense of tradition which entitles them to self satisfaction and perhaps pride.

Certainly those feelings were evident last month when for the first time a West German was elected President of the United Nations General Assembly. For many nations such an event would make relatively little impact. But for the Germans it was a further confirmation that the bad old past was being buried, if not forgotten.

The Federal Republic has long seemed to be the very model of a modern Western democracy—with a mixture of direct election and proportional representation, devolution of power between the Federal and Laender (Provincial State) Governments, an independent judiciary (and central bank), a constitutional court and so on. This somewhat unnerving excellence was even underlined in a slogan for a previous election campaign exhorting voters to "keep up the work on model Germany."

Time and again writers, German as well as foreign, have drawn attention to an artificial air about society and democratic processes in the Federal Republic, stressing the system seemed to be without roots.

The Germans have had more than three decades to prove to themselves that the system works, that the institutions function effectively in contrast to the experience of the Weimar Republic, "that most democratic of democracies" as one of its ill-fated leaders put it.

They still worry when things go wrong in a way that the British or French would probably not. But they are also aware that the system has been through a lot of tests, and has not cracked. That breeds confidence — and may be one reason why the mood for Sunday's election is not the tense one widely prophesied.

MEN AND MATTERS

Thatcher's groom quits the stable

Gordon Reece, the public relations masseur who removed the wrinkles from Margaret Thatcher's early television appearances, is leaving Conservative Central Office where he has been director of communications for the past two years.

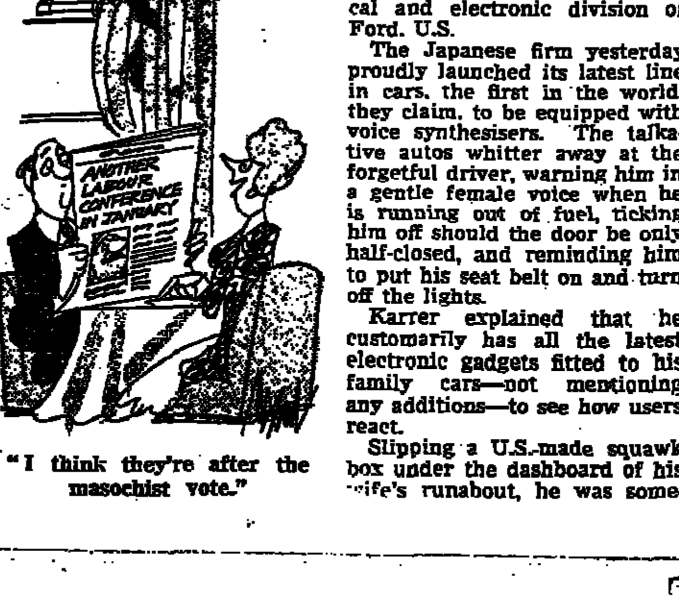
Reece, a former ITV producer—"everything from light entertainment to religion"—was brought in to coach the leading lady in presenting a vote-catching image to the fireside public soon after her election to the Party leadership in 1975.

He gained a Svengali-like reputation despite Thatcher's unlikely casting a sanyone's Trilby, and was credited with softening the note of stridency in her voice, changing her hair style and even influencing her wardrobe.

Whatever the reality behind his reputation as a cosmetician, however, Thatcher was sufficiently impressed and grateful to give the sharply-dressed, cigar-smoking Reece the job of similarly smoothing the rougher edges off the Party itself. It was he woh called in Saatchi and Saatchi and who developed the televisioned walkabout as a political art-form.

Allied with EMI in making video cassettes before he went to Smith Square, he is believed to have turned down the job of marketing British Caledonian, and will return to an as-yet-secret industrial assignment after a slightly self-indulgent trip to Brighton for the gathering of the party faithful next week.

His job at Central Office goes to Sir Harry Boyne, the elegant, 70-year-old former political correspondent of the Daily Telegraph. Boyne presents rather a contrast. He was knighted by Sir Harold Wilson and once manned a picket line outside his paper's office. Lately, however, has has been combining the gentler pursuits of part-time work for the Tories with his duties on the board of visitors to Pentonville Prison.



"I think they're after the masochist vote."

Well said

I suspect Toyota may care to think again in the light of a chat I had recently with Eugene Karrer, vice-president and general manager of the electrical and electronic division of Ford. U.S.

The Japanese firm yesterday proudly launched its latest line in cars, the first in the world, they claim, to be equipped with voice synthesisers. The talkative autos whitter away at the forgetful driver, warning him in a gentle female voice when he is running out of fuel, ticking him off should the door be only half-closed, and reminding him to put his seat belt on and turn off the lights.

Karrer explained that he customarily has all the latest electronic gadgets fitted to his family cars—not mentioning any additions—to see how users react.

Slipping a U.S.-made squawk box under the dashboard of his wife's runabout, he was somewhat alarmed when she barged back into the house one morning and hurled the keys at him.

"You talk back to me," she fumed, "The kids talk back. Even the dog barks back, but I'll be damned if I'll take it from an automobile."

"It will never catch on," added the rueful experimenter.

Byting back

Catching on in a big way, however, is the new crime of "computercide." The Detroit company Apex Broach and Machine reports a recent occasion when a New York insurance worker plunged a screwdriver into the bowels of his terminal because of alleged misbehaviour. In California a police officer terminated his machine's electronic tantrums with a two-barrel shotgun blast.

Turnover clue

Like his fellow expatriate Bob Hope, Reginald H. Jones claims he left England for the United States as soon as he was old enough, to realise that he would never make it to the throne. In the U.S., however, he settled for what was most probably the next best thing. President of General Electric, he could comfortably tuck the equivalent of the Rolls-Royce jet engine company into one of his six divisions.

Chairman and chief executive officer for nearly eight years, he visited London yesterday to expany before a group from the British financial community on the technological wonders of GE, a complex equipped with 100 laboratories, 30,000 employees with technical degrees and over 50,000 patents.

But casting aside the highly-coloured corporate packaging for a moment Jones confessed that being born in Staffordshire he still felt comforted to hear English spoken in British accents. Successful human exports from Stoke-on-Trent like Jones are apparently few, but he told a story of one other, the novelist Arnold Bennett.

It seems that Bennett was shy about his origins in the Potteries and, on setting himself up in Paris, adopted with great care the local accent, cuisine and dress. Lunching one day with a Russian aristocrat he was told that not only was his Englishness obvious but it was possible to tell exactly which part of the country he was from.

"You see," explained the Russian, "wherever you are, even in the smartest restaurant, you cannot resist the temptation to look at the bottom of the plate."

Onward bound

That inexhaustible crib sheet, the Encyclopaedia Britannica, is changing hands again. Much travelled since its foundation in Scotland in 1768, it is to be handed back to the University of Chicago in a complex move aimed at freeing it from the entanglements of U.S. tax and trust laws.

American owned since its British bankruptcy at the turn of the century, the compendium of enlightenment has had a troubled history since its first purchaser, publisher Horace Hooper, sold it to Sears Roebuck. The philanthropic retail chain offered it as a gift to Chicago University shortly after the war. When the academics turned up their noses the encyclopaedia passed insted to one William Benton who persuaded the university to lend its name and brain power to the venture in return for a royalty of some 3 per cent on U.S. sales.

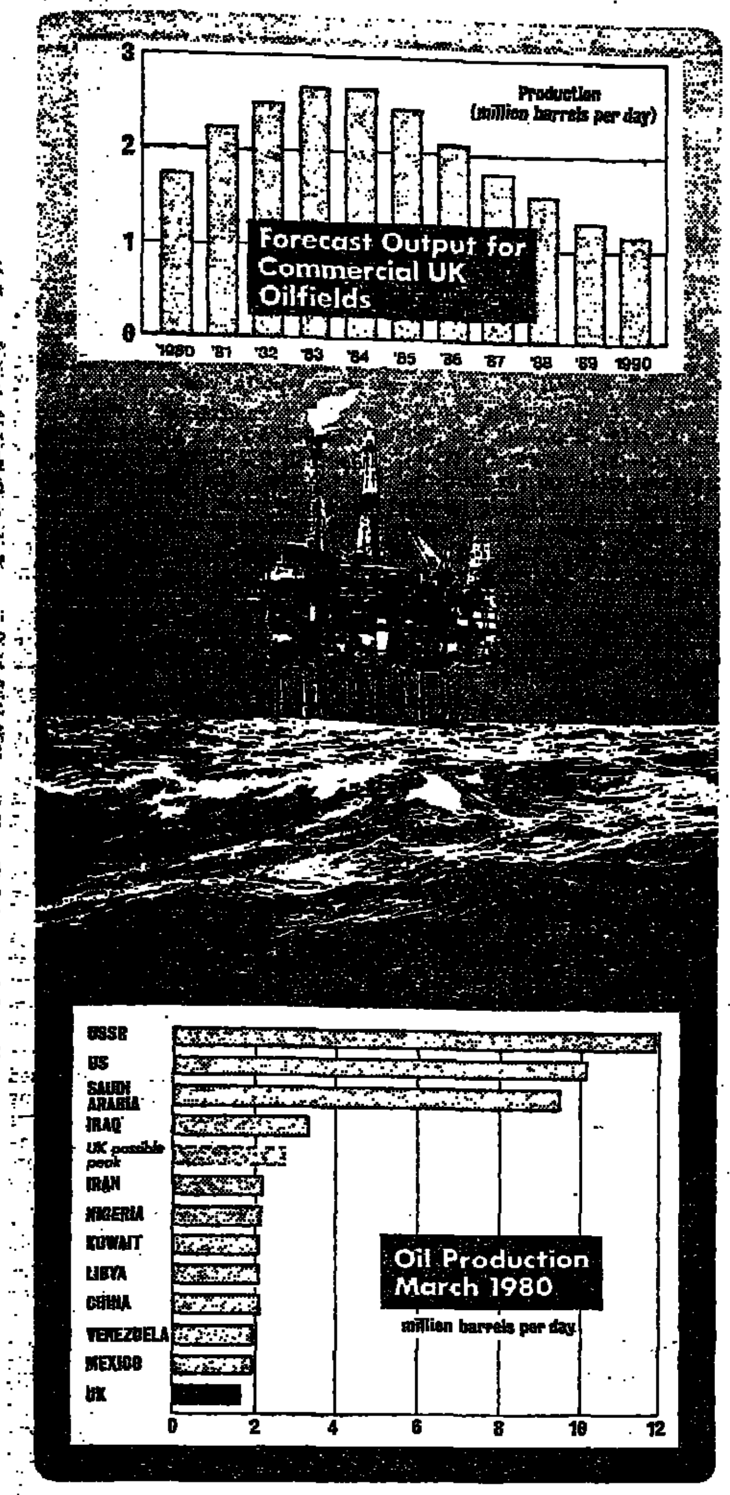
Is that oil?

That pithy diplomat, Prince Philip, asked at a New York Zoological Society benefit for his views on the Iraq-Iran conflict, replied: "It's bad for the animals."

Observer

BRITAIN'S OIL POLICY

Getting the best out of the North Sea



Brana Radovic

Source: North Sea oil and gas and British foreign policy by Ray Dafter and Ian Davidson.

ANATOLE KALETSKY considers the options open to the British Government which could secure the full economic and diplomatic benefits of North Sea oil production.

ON WHAT is arguably the biggest political and economic question facing Britain between now and the end of the century — how to turn North Sea oil to maximum economic advantage — the three Governments which have held power since oil was discovered have had one remarkably clear and consistent policy: to pretend that oil doesn't matter.

Whether one talks to the Treasury, the Department of Industry, the Foreign Office or, until very recently, even the Department of Energy, the silence on the question of managing North Sea oil is almost deafening.

Yet, as yesterday's Chatham House paper on North Sea Oil and Gas and British Foreign Policy* points out there is nothing inevitable, or even rational, about this attitude to Britain's oil. The authors, Ray Dafter and Ian Davidson (both of whom work for the Financial Times), show that even in the seemingly distant field of international diplomacy, the discovery of North Sea oil opens up new vistas which British policymakers have made precious little effort to explore.

Like many heresies, the idea that the North Sea, by giving Britain the potential to become, for a short period, the fifth largest oil producer in the world (after the USSR, the U.S., Saudi Arabia and Iraq), could enhance Britain's diplomatic standing in the world, seems very persuasive to the innocent mind. The Dafter-Davidson paper suggests that oil which is surplus to Britain's own needs, instead of simply being sold on the open market, should be stored in the ground and offered to Britain's EEC partners as an emergency supply in times of serious shortage.

They estimate that between 1982 and 1986, Britain will have the capacity to produce around 2.5m barrels of oil a day, which compares with domestic requirements of about 1.8m barrels. The bargaining counter of emergency supplies of up to 700,000 b/d to Britain's EEC partners could give Britain considerable diplomatic leverage in negotiations on other European issues, above all on agricultural policy.

Ian Davidson has already outlined in this newspaper his reasons for thinking that an emergency oil offer could in fact make an appreciable impact on the EEC's heartsearching about agricultural policy and budgetary imbalances.

However, the main obstacles that would have to be surmounted in persuading the Government to turn oil to Britain's diplomatic advantage are not at the Foreign Office but at the Treasury. If the Government ignores calls from within Britain and from Britain's allies to use oil in a diplomatically constructive manner, it is because any such decision would involve an explicit commitment to controlled depletion of the oilfields, which Ministers are reluctant to make.

Why is the Government so afraid of spelling out a clear policy for depletion? This is the pivotal question on which any analysis of the political implications of oil must turn.

In point of fact the Government does have a depletion policy of sorts. On July 23 this year the Energy Secretary, Mr. David Howell, announced his intention to "flatten the bump" in oil production which is expected to arise when the largest fields reach their potential full output between 1981 and 1986. His aim was to extend Britain's oil self-sufficiency beyond 1989, when production from existing proven fields could again fall below 1.8m b/d. But he did not commit himself to any particular production targets.

There are many explanations for the Government's reluctance to put forward a clear and plausible depletion policy. The most cynical is that an open and informed debate on oil production would inevitably draw attention to the fact that fulfilment of the election promise about cutting income tax to 25p by 1984 depends entirely on oil revenues.

Economists often suggest that the significance of oil has been over-rated because, even if production were allowed to rise to a peak of say 2.7m b/d, oil would contribute only about 7 per cent of Britain's GDP in the mid-1980s. However, comparing likely government oil revenues of £8bn to £9bn (at 1980 prices) with the £21bn total yield of income tax gives a better picture of the political importance of oil.

A sounder reason for reluctance to impose a depletion policy is the Government's concern not to impede further oil exploration and development by breaking faith with the oil companies. However, as much as one-third of potential oil output (around 900,000 b/d in the mid-1980s) could be deferred without breaching the guidelines laid down in 1974 by the former Energy Secretary, Mr. Eric Varley.

The deepest reason for the Government's apparent determination to play down depletion policy is connected with economic theory and political doctrine. For it goes very much against the instincts of many Ministers to concede that the national interest would be best served by Government intervention over-riding the natural forces of the oil market.

There is an influential school of thought which asserts that any attempt by governments to regulate the rate of oil production is equivalent to gambling on the future of the world oil price. In the recent Brooking report on the British economy for example, Hendrik Houthakker argued against any depletion controls at all, on the grounds that a large number of competing oil companies are more likely than the Government to respond rationally to expectations about future oil prices.

This argument seems totally to miss the point that the main objective of depletion policy could be to ease Britain's adjustments to large changes in oil production and the balance of payments, rather than merely to maximise discounted government revenues. Cuts in oil output now would probably reduce the upward pressure on the exchange rate and make life easier for manufacturing industry.

It is true that in theory the rate of oil production need not influence the level of sterling, since the additional revenues from selling 2.5m b/d of oil, rather than 1.8m b/d could be used to accumulate overseas assets. If the Government used additional oil revenues to finance intervention across the exchanges, it could insulate the exchange rate totally from variations in oil production—in effect it would simply be replacing oil reserves in the ground with foreign currency reserves in the Bank of England.

Alternatively, additional oil revenues could be used to cut the Public Sector Borrowing Requirement (PSBR). If, say a £5bn cut in the PSBR led to a decline in domestic interest rates sufficient to generate a £5bn flow of investment out of Britain, then the exchange rate would, in theory again, be insulated from the £5bn worth of extra oil production.

In practice, however, the choice which will face the Government in the next few years will not be the simple one of whether to keep 700,000 b/d in the ground or to employ a host of fund managers in the City to select £5bn a year worth of foreign assets for the nation. For the theoretically attractive policy of draining oil wells in order to swell the coffers of investment institutions could go awry in at least three ways.

Oil exports could raise the exchange rate above its equilibrium level for a long and traumatic period before investors decided to buy sufficient overseas assets. Cuts in public borrowing could prove impossible to achieve if the initial rise in the exchange rate depressed the economy and reduced other sources of government revenue. Last, and perhaps most plausibly, oil revenues could be used not to reduce borrowing but to finance tax cuts and increases in public spending.

Now it is perfectly reasonable for a substantial part of the North Sea's wealth to be handed out to taxpayers for spending on consumption. It is even more important, however, to ensure that the benefits of oil production are maintained for as long as possible and that the economic adjustments to rising and falling production are as smooth as possible. A sensible Government objective might be to hand out to taxpayers as much of the oil revenue as seems likely to be sustainable for a long period, say 20 or 30 years, but to try and ensure that the transitory peak production, which is expected to last only for six or seven years is mainly invested, and used to increase the stream of revenue which is sustainable.

In principle this objective could be achieved by using peak production to cut the PSBR and banking on overseas investment to prevent a jump in sterling. However, if it chose to do this, the Government would be doing exactly what free marketeers denounce—putting all its eggs in one basket, by backing a particular theory about the relationships between the PSBR, the rate of interest and capital outflows with tens of billions of pounds of public funds.

Directly limiting the level of oil production to a sustainable level would seem a less risky way of ensuring that much of the benefit of oil revenues continuing to be available into the 21st century.

The Government has said that it will attempt to flatten the hump in oil production (even though, according to Dafter and Davidson, it has chosen clumsy and inappropriate tools to attempt to do this). It has decided not to denationalise the British National Oil Corporation, so as to retain direct control over oil trading and about 8 per cent of North Sea production. And it has decided to retain the Varley guidelines.

These are the outlines of a policy which could secure for Britain the full economic and diplomatic benefits of North Sea production. Whether by accident or design the Government has so far behaved fairly sensibly on depletion. All it has to do now is admit it.

* North Sea Oil and Gas and British Foreign Policy by Ray Dafter and Ian Davidson, Royal Institute for International Affairs.

Letters to the Editor

Local authority efficiency

From Mr. P. Stutz

Sir,—Recently there has been considerable debate over the problems of controlling local government expenditure and the reduction of waste.

My experiences in the private sector have shown that most managing directors will refuse to admit to the existence of the most obvious inefficiency within their companies—because to do so would be to acknowledge their responsibility for allowing it to occur. This is so, even when they are confronted with hard evidence.

The letter from Miss Eleanor Macdonald (September 30) on the effect of micro-electronics in the office puts the problem far better than I when she states, "Many of them (the employees) stated that it would be a real, and probably a losing battle to get their top management to comprehend what they were talking about"—and she was referring to time-saving, improved quality of work, better communication and better utilisation of staff, in other words business effectiveness.

Let me assure you, therefore, that "bureaucracy" is alive, well and flourishing in most large private sector companies. Indeed, in the absence of quantifiable and reliable data, it could well be that local government is more efficient in its use of resources than large private sector companies!

Mr. Kershaw, the Borough of Sunderland programme planning manager in his letter (also September 30) claims that exercises in performance measurement are costly in terms of time, resources and staff. An alternative but less costly approach could question why each department exists within a Council, in other words what are the objectives of each department; examine the work content of each department (and determine whether: it needs to be done at all, it could be carried out in a more effective way, or it could be subcontracted to the private sector at less real cost); and approach the simplification and abolition of paperwork and controls, with special reference to planning procedures and building regulations. (Swansea City Council appears to be using this approach with its enterprise zone. The concept should be extended.)

The above approach will be effective if it is enthusiastically supported by top management and if the council itself carries out any necessary changes; this will ensure that only the external consultant has no operational role but is retained for a limited period as a process adviser. It is true, of course, that the above approach would be equally effective in large private sector companies.

P. G. Stutz.
Central Consulting Services,
26-28 High Street,
Easton-on-the-Hill,
Stamford, Lincs.

Children's allowances

From Mr. D. Lindsay

Sir,—I have considerable regard for Child Poverty Action Group in its field of child poverty, but neither its past pronouncements nor the letter of its director (September 29) exhibit much of an understanding of personal income tax.

To say that any particular tax allowance "costs" the country £X (which is tantamount to saying that tax-payers are supported by the community to the extent of their nett-of-tax income) is nonsense. It presupposes some particular level of allowance—perhaps even a zero level—that is, in some way, sacrosanct. There is no such level. What is, or should be sacrosanct, however, is the purpose of these allowances, namely to ensure a fair spread of the tax burden among income receiving individuals having regard to the number (if any) of other individuals relying for support on such income. From this it follows that the relativities of these allowances, once fairly fixed, are sacrosanct, and, therefore, that there was no case for introducing any special married women's allowance that was not equally applicable to all married women, nor (unless — heaven forbid — the State undertakes full responsibility for children) for abolishing children's tax allowances.

The fair, and simple, solution is one standard personal allowance for everyone, of whatever age, sex or marital status (and, of course, the phasing out of mortgage interest relief), such allowance to be set first against own income (if any) and secondly against the incomes of any supporting relatives. The initial level of this allowance should be a figure that would neither increase nor decrease the present tax take; it would merely distribute the tax burden more fairly. The child benefit scheme should then be recast to concentrate support where it is most needed.

David G. Lindsay.
36 Orchard Coombe,
Whitchurch Hill, Pangbourne,
Near Reading, Berks.

Deliberate debasement

From Professor D. Myddelton

Sir,—In suggesting that "we could make a new start on the basis of cowrie shells," Mr. D. M. Toft (September 30) is assuming free choice of the best money. Of course a free market would be unlikely to choose government money. It has lost 80 per cent of its purchasing power in the last 16 years. Government interference in the free market creates unnecessary problems, and experience shows that to hope for "wise" interference is optimistic. Sound money is unlikely while the Government insists on a monopoly.

The Government has also interfered with the accountancy profession's efforts to promote a system of constant purchasing power accounting, which simply, effectively and comprehensively adjusts financial calculations to allow for the effects of general inflation. The new accounting standard SSAP 16 itself admits that the Government's preferred current cost accounting "is not a system of accounting for general inflation." Since that is what has been needed for at least 15 years, all one can say is: "What a pity."

This accounting interference lends support to the view that currency debasement is a deliberate political act, by the biggest debtor in the economy. Indeed, if inflation is not deliberate one can only marvel at the government's amazing post-war run of bad luck.

(Professor) D. R. Myddelton.
Cranfield School of Management.
Cranfield, Bedford.

Paragons for managers

From Eleanor Soar

Sir,—"The Group of Talloires" (Management Page, September 26) needs look no further for the managers of the future than the office adjacent to that of the chief executive of any large organisation. Substitute the word "secretary" for "manager" in Christopher Lorenz's article and it is clear that hundreds of dedicated women (mostly) already possess the prescribed virtues and qualities of the ideal manager. Their profession has always recognised such qualifications as the criteria of success. Their bosses expect just such a paragon.

It only requires a little imagination to acknowledge that by the very nature of her job the secretary is well placed to learn the techniques of management. Secretaries know this all too well; much of the frustration which leads to the rapid turnover in the secretarial job market arises because they are either not involved enough to make an effective contribution to their employers' business, or not valued for the contribution that they do make.

If the managers of today could be educated to encourage, train and promote the bright young secretary as well as the bright young management trainee, perhaps the task of developing the managers of the future would not appear so daunting.

Eleanor Soar.
Vine Cottage,
Lower Holbrook,
Ipswich, Suffolk.

Expectation of executives

From Mr. L. Koppen

Sir,—Christopher Lorenz's Management article of September 26 reported on the changing role and expectation of managers as concluded by 40 leading businessmen and academics' half from the United States and half from Europe. You may not know that a similar exercise was instituted by the London Business School in November 1978 under the title "The manager in the new society" but with the difference that the businessmen, of which I happened to be one, the academics and the distinguished visiting participants were all from British government, the church, trade unions, and industry.

Several working syndicates were set up and over the course of the work surprisingly similar conclusions were arrived at. Summarised these were that our economy would become more service based, though slowly; that through technology business would become more profitable leading to a better society; that managers will remain the same in quantity but of different quality—more entrepreneurial, more consultative, more self-sufficient; and our only area for real concern lay as far as we could see in the ability of the educational system and educationalists to react to a changing society.

Generally we were optimistic about the future and particularly about the role of the manager and his ability to adapt to any changes which were likely to occur. I think this is particularly encouraging, when most of us were practising managers and none of us was in the first flush of youth.

Lionel Koppen.
MSL,
17, Stratton Street, W1.

Trinity House to meet its doom?

From Mr. P. Dodd.

Sir,—I was astonished to read in William Hall's article of September 19 that P and O jetfoils had to carry two Trinity House pilots—one for the river and one for the sea.

Small ships at present trade freely in and out of London river without pilots although Trinity House is trying to get control of this traffic by introducing a licensing system—so why did it insist on P and O carrying them?

It seems to me that with the new pilotage authority the time is ripe for the Government to review the whole function of Trinity House. It is an old British institution which seemingly has long outlived its usefulness.

Surely, the sensible thing would be to terminate its activities now, passing the maintenance of lights and buoys to HM Coastguards and the appointment, training and maintenance of the pilotage service to the shipowners who are the people who pay and have their own organisation of highly qualified personnel who surely could take on board this added responsibility with some hope of controlling the cost of the operation.

If the Government is hell-bent on de-nationalising, here is a wonderful opportunity for it to do so at the same time actually reducing costs to the customer—the suffering shipowner and ultimately his clients.

For too long have costs been allowed to rise unchecked and strangle the trade of the London river.

P. M. Dodd.
27 Cross Road, Tadworth, Surrey.

Car excise licence

From Mr. T. Whittle

Sir,—At the risk of being facetious, may one suggest that Norman Fowler, Minister of Transport, be encouraged to compare notes with his immediate predecessor. He should find tucked away in his Ministerial archives a perfect detailed plan to prevent evasion of the car excise licence by the simple expedient of replacing it with an increase in the existing fuel tax to give the same average yield before evasion.

Abolition of the excise licence would reduce public expenditure, the increased fuel tax would cost no more to collect and evasion would be eliminated by a pay as you go system fair to all drivers. Many thousands of cars at present unlicensed could be used to increase tax revenue (almost painlessly), energy conservation would be promoted and all the occasional or weekend motorists no longer penalised.

Thomas E. Whittle.
19, Kildoon Drive,
Maybole, Ayrshire.

Today's Events

GENERAL

UK: Final day of Labour Party conference, Blackpool.

Legislation giving council tenants the right to buy their own homes comes into effect under the Housing Act.

Statement by British Paper and Board Industry Federation following talks with Mrs. Margaret Thatcher on future of newsprint sector.

Mr. G. N. Cobb, First Secretary Commercial, British Embassy Jeddah, speaks at London Chamber of Commerce and Industry on "The Third Saudi Five-Year Plan and the Opportunities it Presents to British Business," 69 Cannon Street, London, EC4 (5 pm to 7 pm).

Sir Peter Gadsden, Lord Mayor of London, presides at Mansion House Justice Room (10.30 am), Lady Mayoress opens Charity Christmas Card Council Exhibition, Royal Exchange (11.30 am).

Overseas: International Monetary Fund meeting continues, Washington.

One-hour national stoppage call in Poland by National Committee of solidarity—the first direct union action since the strikes ended in August.

COMPANY RESULTS

Final dividends: Scottish Metropolitan Property. Interim dividends: Ibstock Johnsen. Lyle Shipping. Nesco Investments. North British Canadian Investment. G. W. Sparrow and Sons. Triplevest. Ward White Group.

COMPANY MEETINGS

F. Copson, Pennshall Hotel, Sutton Coldfield, 12.30. Malaysiam Tin, Cheapside House, 138 Cheapside, EC, 12. Securities Centres, 15 Christopher Street, EC, 12. David S. Smith, Kingsley Hotel, Bloomsbury Way, W, 12. Stavert Zigomala, Harvester House, 37 St. Peter Street, Manchester, 12. Trafford Carpets, Mosley Road, Trafford Park.

CITY OF LONDON

Livery Hall Open Day—Goldsmiths' Hall, Foster Lane, EC2, at 12 pm, 1 pm and 3 pm. Tickets from St. Paul's Information Centre, St. Paul's Churchyard, EC4.

Museum of London, London Wall, EC2. Lecture by Mr. Peter Marsden on "Roman and Medieval Ships from the Thames." 1.10 pm.

St. Margaret Pattens, Rood Lane, EC3. St. Margaret's Historical Society lecture on "City Pageantry" by Mr. John Reid, Pageantmaster. 1.10 pm.

Duncan & Goodricke reaches £400,000

TAXABLE profits of Walter Duncan and Goodricke, investment holding company, rose from £199,000 to £400,000 in the first half of 1980 on turnover £420,000 higher at £3.32m.

The directors say that all areas of the group showed an improvement in profitability except that the recent sharp downturn in the wine trade adversely affected the company's investment in George Mayor.

They add that they expect to report results for the whole of 1980 in excess of the £497,000 pre-tax surplus earned in 1979. They also anticipate being able to pay a dividend of at least the same rate as last time's 12p net.

The warehouses at Banbury and Crewe both achieved their budgeted levels of activity and profitability in the six months and were substantially ahead of 1979 levels.

No further development is planned at Banbury in the immediate future but two new cool stores of 35,000 sq ft at Crewe have been opened and are already in full operation.

The business of the banking subsidiaries increased considerably during the period and profits from this source showed an increase compared with 1979. Banking is now carried on from the new premises acquired by the group in Hobart Place and although further costs relating to the properties will have to be borne by the Duncan Lawrie offshoot in the second half, profits from banking should show an improvement over 1979. The share capital of Duncan Lawrie was increased by £500,000 to £2.5m in August.

The group's investments have increased by a further £397,000 since the last audited accounts were published.

Tax for the six months of this investment holding company with interests in banking property and tea, including warehousing distribution and marketing, rose from £16,000 to £68,000 leaving stated earnings per £1 share of 18.57p, compared with 14.32p.

There was an extraordinary debit in the period of £89,000 (nil).

Austin Reed plunges midway

AFTER A first half which the chairman describes as one of the most difficult periods in post-war years, profits of Austin Reed Group, clothing manufacturer and retailer, have fallen by almost £1m before tax.

The recession in trade, coupled with penal interest rates, has left the surplus for the 28 weeks to August 9, 1980 down at £370,000, compared with £1.31m for 27 weeks last time.

At the beginning of the year Mr. Barry Reed, the chairman, had hoped that the company would enjoy an upturn in performance this autumn. But he now says it is clear the recession is biting deeper and lasting longer than anticipated and that conditions are likely to remain extremely difficult well into 1981.

But the balance sheet is sound, says Mr. Reed, and when the upturn comes the group will be in a better position than before to increase its share of the market.

The interim dividend is maintained at 0.9p net—last year a total of 3.36p was paid from profits before tax of £3.24m (£3.43m).

First half turnover expanded from £19.23m to £21.06m although the chairman points out that much of this was achieved at low margins in the extended summer sale period, which was very successful in reducing stocks.

Both retail and manufacturing divisions suffered from the decline in consumer demand in the home market and from the effects of the strength of sterling on tourist spending and exports, especially as far as Americans are concerned, says the chairman. Shops abroad improved their performance, however.

Production has been maintained on the manufacturing side, with a reduced workforce where necessary. Exports of Chester Barrie clothes and Stephens Brothers shirts to Europe have kept up well

• comment

Austin Reed's share dropped 6p to 62p yesterday following publication of the interim profits collapse and the chairman's gloomy remarks on the short-term outlook. In both the retail and manufacturing businesses, margins on the basic middle range goods are under severe pressure and sales are weak, especially in London. Customer credit balances have grown only £¼m to about £8¾m since the end of last year. The group continues to open new stores and improve existing ones and has completed a £2.4m sale and leaseback of a Glasgow store to prevent borrowings from rising this year. The clothing line for business women launched in the Regent Street store last month is already profitable and will be offered in other stores soon. However, the tourist trade in London has been disappointing and the Christmas and January sale trade is likely to be worse than last year. The group will have to struggle to make £1.6m for the year as a whole, which would leave the shares on a precarious prospective fully taxed p/e of 14.4. A maintained dividend would be adequately covered as no tax will be paid this year and CCA has little effect. The prospective yield of nearly 8 per cent provides some support.

HIGHLIGHTS

With the world sugar price hitting new five-year peaks Lex explains the apparent paradox that Tate and Lyle is threatening to close down some of its refining capacity if the EEC proposals go ahead. German chemical giant Hoechst has warned of a drastic falling off in demand and output and Lex looks at the latest prospects for the chemical sector. Elsewhere the annual survey from Continental Illinois of UK stockbrokers' analysts highlights the changing status of research from the UK broking fraternity.

First half decline at Downiebrae Holdings

WITH turnover down from £3.48m to £2.9m, pre-tax profits of Downiebrae Holdings fell from £293,000 to £207,000 in the first half of 1980.

The directors report that the severe recession which has hit the engineering industry continued to have an adverse effect on the company's trading. There is no immediate sign of improvement and while the interim dividend is being maintained at 0.9p net they say this should not be taken as an indication that the final payment will be held. Last year's final was 2.1p on pre-tax profits of £539,634.

The board estimates that on a CCA basis first-half pre-tax profits would have been increased by £20,000, while historically net profits are shown at £99,000 (£141,000) after tax of £108,000 (£152,000).

The company operates as a metal merchant and manufacturer of ingots, steel pipes and metal flanges.

Revertex down at six months

Pre-tax profits of Revertex Chemicals finished the June 30, 1980 six months down from £1.28m to £968,000, on turnover ahead by £4.2m to £39.34m, and the interim dividend has been omitted—last year's 1.17p payment was the total for the year.

In July the directors forecast an improvement in trading profits for the full year, but modified this last month, as a result of a fall in home sales volumes. They said that the trading surplus was expected to be lower than that forecast in July.

There have been continued costs, the directors state, arising from measures put in hand last year, to increase productivity and lower overheads and these, which include some interest charges, have continued to depress results.

Costs of closure of the Prodorite GRP division were higher than expected, they add, and are reflected in an extraordinary debit of £367,000 (£108,000) for the half year.

Overseas companies, however, again performed well and achieved profits almost in line with expectations.

The continuing state of demand for the company's products in the home market makes it certain, the directors state, that Revertex will have a very difficult second half.

The drop in demand has occurred across the board but is particularly severe in the case of the floor coverings industry, which is an important customer for Revertex products.

First-half tax took £597,000 compared with £680,000 and there were minority losses of £3,000 against £310,000 profits.

An extraordinary item took £367,000 (£108,000) and the amount retained came through at £5,000 (£14,000).

As at September 27 acceptances of the Yule Catto offer have been received in respect of 89.29 per cent existing ordinary from over 78 per cent of holders.

Canadian setback for Solicitors' Law

STRUCK THIS time after a £190,078 share of losses from its Canadian associate, pre-tax profits of the Solicitors' Law Stationery Society tumbled from £358,130 to £70,203 for the first half of 1980. Turnover of this printer, publisher, stationer and office equipment supplier, fell £0.5m to £11.49m.

The group is being affected by the general recession in business activity and, as a result, Sir Edward Singleton, the chairman, says it will be difficult to sustain the first-half results during the second six months of this year.

No interim dividend is being recommended—last year, when pre-tax profits totalled £491,000, an interim of 0.75p net was followed by a final of 0.724p.

In Spring this year, the group's printing business was badly affected by two national industrial disputes, directly with the NGA., and indirectly with the N.U.J. with whom certain group customers have had a long running dispute. These matters, now resolved, are estimated to have cost the group some £200,000.

Following the decision to close Oyez Business Machines and to disengage from operations in France and Belgium, the chairman says it is clear that the group should make further provisions to ensure that all known and estimated losses arising from these problems are covered.

These are reflected in an extraordinary debit for the half year of £271,444 (nil) and, with tax taking £115,634 (£254,742) have had the effect of taking the group from attributable profits of £103,388 into losses of £316,875. Earnings per 20p share were therefore nil, against 0.9p last time.

Under a change of accounting policy, development expenditure is now being written off when incurred. Comparatives have been adjusted accordingly.

Sir Edward explains that the group has suffered an additional problem at Richard De Boo, the Canadian associate which embarked on a major and expensive policy of expansion and which last year computerised its accounting systems.

This policy to computerise was not properly implemented and, in the result, the accounting information available failed to realise that De Boo was trading at a substantial loss.

The full extent of the losses did not become apparent until the audit in Canada was finalised in August, 1980 and has resulted in the book value of the group's investment in De Boo being reduced to nil.

Urgent management action has been taken. There has been an immediate drive for efficiency and a substantial reduction in expenses; a new president is starting with the company this month.

Although the first-half shows a large loss, there are indications that this company is turning round and its wholly-owned subsidiary, Penstock Directories, continues to trade profitably, Sir Edward states.

On the future for the group, he says it would be unwise to make any forecasts, but adds that it has a thoroughly sound business base on which to build its future.

Rationalisation of activities is in hand under the new group managing director.

• comment

The new directors at Solicitors' Law have barely had time to warm their seats in the boardroom but the first look at the books must have been a salutory one. The provisions made to cover the bitter harvest of a sequence of diversification attempts have proved woefully inadequate which, inter alia, has precluded any improvement in a creaky balance sheet. It may take some time to clear the debris away completely and, meanwhile, the trading outlook hardly offers the ideal environment within which to effect a revival. But the group maintains that its core legal stationery and printing businesses remain sound and sees considerable potential in the word-processing field. For the moment, though, recovery fund managers may be forgiven if they stay on the fence. The market in the shares is tight—Thomson retains a 50.2 per cent holding—the track record has been indifferent to say the least even in the group's better years and it will take a great deal to cover the £438,000 cost of a fully restored dividend. The shares slipped a further 2p yesterday where they stand just 2p above par value. The next six months will probably prove critical and certainly interesting.

First Castle rises 30%

THE CONTINUING growth of its electronics division has meant a 30 per cent rise in profits of First Castle Securities from £154,267 to £202,030 for the half year to August 2, 1980. The result was struck after a surge in interest charges from £49,000 to £109,000. Again no tax is payable.

BRM Electronics, which was acquired in January 1979, is now contributing 60 per cent of group profits, the directors state, while efforts being made should result in the continuing expansion of the electronics division.

Their present intention is to concentrate on possible acquisitions in the electronics and technology fields.

The group's other main activity is in the purchase, renovation and resale of pianos.

Turnover for the half year fell slightly from £1.13m to £1.08m, but the current order book is a record, being equivalent to two-thirds of last year's total turnover of £2.25m.

Earnings per 10p share climbed from 3.07p to 3.56p and the interim dividend is stepped up from 0.603p to 0.723p net on capital increased by the rights issue—the total payout last time was 1.327p on pre-tax profits of £351,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alpine Holdings ...int.	2.28	Jan. 2	2.28	—	5.25
A. Amer. Asphalt	1.07	Nov. 28	1.07	2.13	2.13
Anglo Am. Inv. Tst. int.	‡260	Nov. 21	230	—	860
Beauford Group ...int.	0.7	—	1.4	—	4.15
City of London Brewery 1st int.	1.1	Nov. 28	0.88	—	4.2
Downiebrae Hldgs. int.	0.9	Dec. 12	0.9	—	3
First Castle Secs. †int.	0.72	Nov. 18	0.6	—	1.33
Macallan-Glenlivet	4.24	—	3.87	6.49	5.9
P. & W. Maclellan int.	0.5	—	0.5	—	1.43
Austin Reed ....int.	0.9	Dec. 1	0.9	—	3.36
Revertex Chems. ...int.	Nil	—	1.17	—	1.17
Chas. Sharpe	23.38	Nov. 25	23.38	27.5	27.5
Solicitors' Law ... .int.	Nil	—	0.75	—	1.47
Wolstenholme Rink int.	2.5	Nov. 12	2.5	—	5.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross South African cents throughout.

SPAIN

October 2	Price %	+ or −
Banco Bilbao	250	+3
Banco Central	278	+2
Banco Exterior	217	+2
Banco Hispano	236	+2
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	281	+4
Banco Urquijo	136	
Banco Vizcaya	258	+3
Banco Zaragoza	248	
Dragados	116	+3
Espanola Zinc	71.5	+0.5
Fecsa	65	−0.2
Gal. Preciados	32.5	+0.5
Hidrola	69.5	
Iberduero	65.7	
Petroleos	117.5	−0.5
Petroliber	88.5	
Sogefisa	102	
Telefonica	63.7	−0.3
Union Elect.	69.7	+1

Loss up at Star Offshore

Star Offshore Services incurred a pre-tax loss of £3.91m in the year to end-March 1980 on turnover lower at £11.76m, compared with £12.83m. Last year the unlisted oil services group reported a taxable loss of £1.38m. There was again no tax charge.

A. A. Asphalt now in profit

Second-half losses of £466,529 against £79,913 left Anglo American Asphalt Company, pipeline coating manufacturer, with a deficit of £561,529 for the year ended March 31, 1980, compared with £76,913.

Result included associates' losses of £113,794 (£126,985 profit).

The directors state that results were again affected by the continuing instability of the world economy which was aggravated by the company's then dependence on a single product range.

The group has operated profitably, however, in the first five months of the current year. Because of this, and against the background of the company's now broader range of activities and improved liquidity, directors are recommending the same dividend total for the year of 2.13p with an unchanged final of 1.065p net per 25p share.

Group turnover for the year increased from £2.12m to £2.71m and there was a tax credit of £273,366 (£98,414). An extraordinary debit took £235,714 compared with £117,460.

The directors explain that business that was available, during 1979-80, was fiercely fought for with effects on margins. Orders were taken at prices which, although low in margin, were considered prudent to accept to reduce large stocks, and thereby improve cash flow.

Stocks at Metrotect, which at the beginning of the year stood at over £1m, have been reduced to less than half; since the year-end borrowings have been significantly reduced and Metrotect stocks have been cut back further.

The group has also disposed of its freehold interest in Stoke quarry for £100,000, and its South African investment at the book value of £75,000.

The group achieved a record profit of £1m in 1976-77.

Beauford falls to £215,000

A FALL from £339,265 to £214,574 in pre-tax profits is reported by the Beauford Group for the first half of 1980. Turnover was little changed at £3.21m compared with £3.12m.

The interim dividend is halved from 1.4p to 0.7p—last year's total was 4.15p from pre-tax profits of £593,000 (£590,000).

After tax down from £198,221 to £170,350, net profits came out at £44,224 against £141,044, and stated earnings per 10p share are lower at 1.4p (4.3p).

Beauford Group manufactures heavy machine tools and plant, and pares for steel and other industries.

EUROFERRIES MERGER CLEARED

The proposed merger between European Ferries and Singer and Friedlander Group is not to be referred to the Monopolies Commission.

Hoechst

Aktiengesellschaft

Report on the 1st half-year 1980

The level of economic activity declined during the 2nd quarter both in the Federal Republic of Germany and in a number of markets abroad. Sales of Hoechst Group rose at a slower rate. Overall, however, the favourable first quarter still enabled a satisfactory increase in sales and earnings to be achieved in the first half-year in comparison with the previous year.

In the 1st half-year 1980, sales of Hoechst Group amounted to DM 15.02 billion. Compared with the 1st half-year 1979 this is an increase of 15.3%. The growth rate in the Federal Republic of Germany was 9.9% and abroad 17.9%. Our companies in Western Europe, North America and Africa, in particular, were able to increase sales from local production by an above-average rate.

All divisions contributed to the sales growth. Especially in the agrochemicals, surfactants and auxiliaries, reprography and pharmaceuticals divisions, the volume of goods sold was appreciably above that of the previous year. In the plant engineering division considerably more projects were completed than during the same period last year.

In Hoechst Group, profit before taxes amounted to DM 907 million, an increase of 15.5% compared with the previous year.

Sales of Hoechst AG amounted to DM 5.806 billion. This is 10.6% above the figure for the 1st half-year 1979. Sales in the Federal Republic of Germany rose by 8.4% and in export markets by 12.6%. Overall, the increase in sales of Hoechst AG in the 1st half-year is due to a rise in volume of goods sold of around 2%. The decline in sales both by value and volume of goods sold has continued during the first weeks of the 3rd quarter.

The appreciably higher raw material prices compared with 1979 made it necessary for us to adjust our selling prices during the 1st quarter. With a number of our products, however, it was very difficult during the 2nd quarter to implement further necessary price increases. Especially in organic chemicals and plastics, the decline in demand led to oversupply. In this connection, pressure on selling prices was exerted by suppliers abroad with a cheap raw material base.

Capacity utilization fell during the 2nd quarter to 80% (1st quarter 85%). This decline resulted during the 2nd quarter in a lower profit before taxes that was below the quarterly average of the previous year. Overall, Hoechst AG achieved a profit before taxes in the 1st half-year of DM 524 million. This is 15.9% more than in the 1st half-year 1979.

The number of employees in Hoechst AG as at 30.6.80 was 60,801. This is almost the same figure as a year ago.

Hoechst Group

Sales (DM million)	1st half-year 1980	1st half-year 1979	Half-year average 1979	Changes in % compared with 1st half-year 1979	half-year average
Total	15,020	13,030	13,540	+15.3	+10.9
Fed. Rep. of Germany	4,760	4,330	4,460	+ 9.9	+ 6.7
Abroad	10,260	8,700	9,080	+17.9	+13.0
Profit before taxes					
DM million	907	785	880	+15.5	+ 3.1
in % of sales	6.0%	6.0%	6.5%		

Hoechst AG

Sales (DM million)	1st half-year 1980	1st half-year 1979	Half-year average 1979	Changes in % compared with 1st half-year 1979	half-year average
Total	5,806	5,251	5,352	+10.6	+ 8.5
Fed. Rep. of Germany	2,756	2,543	2,591	+ 8.4	+ 6.4
Abroad	3,050	2,708	2,761	+12.6	+10.5
Export percentage	52.5%	51.6%	51.6%		
Profit before taxes					
DM million	524	452	454	+15.9	+15.4
in % of sales	9.0%	8.6%	8.5%		

Employees	1st half-year 1980	1st half-year 1979	Changes absolute	Changes in %
Personnel expenses in DM million (excluding pension funds)	1,534	1,452	+82	+ 5.6
Number of employees as at 30.6.80	60,801	60,871	−70	− 0.1

Frankfurt am Main, August 1980

The Board of Management

S. Wrightson forms new reinsurance company

Stewart Wrightson, the insurance broker with large Lloyd's of London interests, has formed a new reinsurance broking company, Nicholson Stewart Wrightson.

The company has been formed in conjunction with Martin Nicholson, Richard Holt and Brian Stewart-Brown, three former directors of C. T. Bowring and Co. (Insurance). This is part of the Bowring group which was recently taken over by Marsh and McLennan of the U.S., the world's largest insurance broker.

Nicholson started operations on October 1 and is specialising in aviation treaty and excess of loss reinsurance business from its office in the Banque Belge Building, Leadenhall Street, London.

Stewart Wrightson Holdings owns 51 per cent of the new company, with Messrs. Nicholson, Holt and Stewart-Brown having the remaining 49 per cent.

The directors of the new company are Messrs. Alan H. C. Coles, chairman, Martin E. Nicholson (managing director), Richard B. Holt, Anthony J. Keys and Brian Stewart-Brown.

Stewart Wrightson said yesterday that its aviation business accounted for nearly 10 per cent of its total brokerage and represented mainly direct business rather than reinsurance business.

It viewed the latest move as an opportunity to extend and consolidate its existing aviation insurance business.

PITNEY BOWES

Pitney Bowes Inc., of Stamford, Connecticut, had a worldwide revenue of U.S.$1.03bn in 1979, not the A$1.03m that appeared in these columns on Wednesday last.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	106	6	118	16	—	—	403p
BP	330	76	15	94	—	105	—	"
BP	360	46	143	72	75	84	—	"
BP	390	23	283	50	221	64	—	"
BP	420	9	183	—	—	—	—	"
Com. Union	160	16	12	26	—	29	—	172p
Com. Union	180	5	2	14	5	17	—	"
Cons. Gold	500	155	1	177	—	197	—	651p
Cons. Gold	550	105	3	135	8	155	—	"
Cons. Gold	600	55	19	100	1	125	—	"
Cons. Gold	650	20	15	72	26	92	8	"
Courtaulds	70	½	112	3½	—	6	125	58p
GEC	500	25	2	51	—	77	—	515p
Grand Met.	160	2	3	10	3	17	2	152p
Grand Met.	180	½	2	5	—	9	—	"
ICI	330	20	—	40	3	48	—	344p
ICI	360	4	10	22	—	30	—	"
Land Secs.	360	32	2	57	—	—	—	380p
Land Secs.	390	9	—	33	17	49	—	"
Land Secs.	420	1½	—	19	3	33	—	"
Marks & Sp.	90	16	5	19	—	24	—	105p
Marks & Sp.	100	6½	2½	13	—	18	—	"
Marks & Sp.	110	2	—	7½	16	12½	—	"
Shell	360	60	—	78	15	—	—	415p
Shell	390	30	20	56	—	74	—	"
Shell	420	12	—	36	11	54	—	"
Totals			859		418		136	
		November		February		May		
Imperial Gp.	70	10	2	14½	—	—	—	76p
Imperial Gp.	80	4½	50	8	35	11½	—	"
Imperial Gp.	90	1	—	4½	46	6	15	"
Lonrho	84	33	14	40	2	—	—	114p
Lonrho	94	23	19	30	6	—	—	"
Lonrho	100	—	—	—	—	—	—	"
Lonrho	104	14	38	23	55	30	15	"
Lonrho	110	—	—	—	—	—	—	"
Lonrho	114	7	174	15	96	24	6	"
P. & O.	110	14	1	17½	—	—	—	120p
P. & O.	130	3	1	7	2	11½	1	"
P. & O.	140	1½	—	4	—	7½	1	"
Racal Elec.	330	14	—	31	—	42	1	312p
RTZ	464	11	12	30	2	48	—	454p
Totals			311		223		37	

STOCKBROKERS LEAGUE TABLE

James Capel moves into first place

BY RAY MAUGHAN

James Capel has topped the "Stockbrokers League" this year in the Continental Illinois ranking of UK investment analysts. The survey is in its seventh year and this time the U.S. bank has weighted the answers.

The firms are ranked solely on the number of times their analysts emerge in the top three *places in a particular* sector. Three points are awarded for first place, two for second and one for third. The league has been *extended* from six to 10 brokers with Simon and Coates coming in for the first time in seventh place and Savory Milln, *again a newcomer*, propping up the table.

Absent this time are Scott Goff Hancock, tenth in 1979, and W. Greenwell, *eighth last* year.

The overseas section has been increased from seven to 17 sectors in the wake of exchange control abolition. This *has probably* helped Capel with its very comprehensive research abroad but not, perhaps, by all that much. Continental Illinois found that only 55 per cent of the fund managers answering the survey completed the section on overseas markets.

Stockbroker	Ranking (Points) 1980	1979
James Capel	1(1113)	2(861)
Scrimgeour, Kemp-Gee	2(1040)	1(977)
Wood Mackenzie	3(850)	3(749)
Phillips and Drew	4(731)	6(615)
Laing and Cruickshank	5(557)	7(430)
De Zoete and Bevan	6(505)	6(431)
Simon and Coates	7(502)	—
Hoare Govett	8(409)	4(684)
Rowe and Pitman, Hurst-Brown	9(340)	9(393)
Savory Milln	10(328)	—

The survey illustrates the dominance of large firms in the research field but also highlights one or two interesting trends. The cult of the personality has never been so pronounced in the City as, say, Wall Street but a league table such as this, concen*trating* on the star analysts in every sector of the Stock Exchange, is bound to enhance individual reputations. Firms have *attempted to counter this* by building teams to cover sectors and the system seems to have worked as more points have been awarded to analysts working together. The group framework probably has the added bonus of deflecting the salary lever which an out-and-out star might be tempted to use on his employer.

Continental Illinois, conversely, is happy to let the *personality* cult develop and admits that, given more time and resources, it would have spent further effort examining the role *and performance of individual* brokers.

The analysts themselves are *fully* aware that the survey is the only public tabulation of their respective merits. It is used by the successful as a salary negotiating tool and a comfort to the ego. The price of falling from the prized top three positions is particularly galling.

There are half-muttered complaints that the weighting makes no allowance for the size of the responding funds and their con*sequent* commission - placing power. It may also be said that the breakdown makes no allowance for the different rate of *turnover* generated in each sector. It matters rather less that Fastbuck Greedy and Partners is top dog in Mongolian *Bonds* than that Safe Solid and Co. rates as the best electricals analyst. But each firm would be awarded three points.

It is also true that only 40 per cent of the 240 questionnaires were completed although the bank seems happy that it is getting properly representative answers. Similarly little attention is given to the salesman's role although the bank concedes that an analyst who is good at selling himself *and* his ideas will probably win a greater response from a fund than a more effacing but technically better rival. And it admits that the success of the best analysts "owes something to the highly professional marketing techniques" used by their firms.

To give the cult of the personality a little more rein, Mr. *Bernard Lardner went from Star* status—awarded to analysts whose votes exceed those of their nearest rivals by a ratio of *three to one—to a Super Star.* To achieve this, he won more votes in his particular merchanting banking niche than all the *other competitors put together.* Given the nice little run this sector has enjoyed this year, Super Star status must be quite rewarding.

But the overall prize goes to James Capel. Let us all hope they get a nice easy draw in the first round of the European Cup next season.

Enkalon loss deepens to £3m midway: outlook bleak

LOSSES BEFORE tax of British Enkalon, man-made fibre manufacturer, jumped from £531,000 to £2.94m in the first half of 1980 and the chairman warns that under present circumstances the *remainder of the year* is likely to bring a further deterioration.

Mr. J. Martin-Ritchie says that his forecast in the annual statement in May that the man-made fibre industry faced several more very difficult years has proved only too true.

The immediate outlook is bleak and likely to remain so until the problems relating to the very difficult textile and fibre situation in Europe have been overcome, he adds.

For the whole of 1979, there was a *loss* of *£1.62m*, and the group has produced a deficit every year since 1975. No ordinary dividends have been *paid since the 0.25p distribution* for that year, and the Board stated in last year's annual report that it did not expect to be able to recommend a dividend for any year up to and including, at the earliest, 1983.

The first-half loss per share is shown as 9p (2p) after tax of £4,000 (same) and minorities' profits of £308,000 (£231,000).

The pre-tax loss after depreciation of £1.21m (£1.37m) and interest of £1.42m (£952,000) and includes the associate share of £233,000 (£204,000).

Turnover of the group, which is a subsiduiary of Akzo NV of Holland, rose from £30.43m to £31.09m.

Comparative figures have been restated to reflect the adoption of SSAP 15.

● comment

Minority shareholders may be lost for words to describe the interim figures from British Enkalon. The company's further *decline to* nearly *£3m of* pretax losses is part of the larger malaise of the man-made fibres industry in Europe. The deficit, *a continuation of five consecutive* years of loss for the company, is well above the entire loss last year and exceeds even the combined losses of the last two years. The net result is to wipe 9p per share off the asset base but the share price held steady at 9p yesterday. Akzo, N.V., the company's Dutch uncle, must *know something because it re*cently injected £40m into Enkalon, of which £7m was in equity capital and the remainder in new plant and equipment over a five-year period. Without this parent, which now owns 83.7 per cent of the company, it is difficult to see how British Enkalon could keep going. In the second half of the current year the chairman is predicting "further deterioration." Outside shareholders should fasten their seatbelts tightly or jump.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ibstock Johnson, Lyle Shipping, Nesco Investments, North British Canadian Investment, G. W. Sparrow, Tanks Consolidated Investments, Triplevest, Ward White.

Finals—Kwahu, Sanderson Murray and Elder, Scottish Metropolitan Property.

FUTURE DATES

Intrims—

Allebone	Oct. 17
Berec	Oct. 24
Holt Lloyd International	Oct. 7
Leaderflush	†Oct. 14
Lee Cooper	Oct. 15
Lesney Products	Oct. 10
Lilley (F. J. C.)	Oct. 23
London Atlantic Invest. Trust	Oct. 27
Upton (E.)	Oct. 24
Vosper	Oct. 8

Finals—

Glaxo	Oct. 13
Gomme	Oct. 29
Kent (M. P.)	Oct. 8
London and Strathclyde Trust	Oct. 8
McKechnie Brothers	Oct. 23
Sun Life Assurance	Oct. 15
Throgmorton Secured Growth Trust	Oct. 16

† Amended.

Compensation stock issue to Vickers

The Bank of England, in *accordance with the Aircraft* and Shipbuilding Industries Act 1977, is issuing about £3.07m of 10 per cent Exchequer stock 1983 *on* behalf of the Treasury.

This represents compensation due in respect of the unquoted securities of Vickers Shipbuilding Group, following the agreement of compensation terms last month.

The issue of 10 per cent Exchequer stock 1983 will be made at the rate of £100 Exchequer stock per £92¼ compensation.

Shortfall for P. & W. Maclellan

First half 1980 pre-tax profits of P. and W. Maclellan, engineer *and steel stockholder*, slipped from £64,000 to £56,000 and the directors warn that second half profits may well fall short of last year's £70,000.

Turnover in the first six months showed a marginal advance at £3.33 (£3.22m) and the *net interim* dividend is held at 0.5p. For 1979 a total 1.43p was paid.

There is a liability for ACT of *£5,895 on the interim dividend* but otherwise no corporation tax is payable for the period.

The closure of the company's steel fabrication activity has now been completed and four acres of surplus property has been cleared for immediate transfer.

The sale of this property was subject to certain conditions which have not yet been satisfied but *the* board *hopes to be able* to report further upon this matter in the near future.

Extraordinary costs related to this closure amounting to approximately £150,000 have been incurred and will be reflected in year-end accounts.

BIDS AND DEALS

Malaysian lifts stake in Concentric to over 7%

MALAYSIAN interests have increased their stake in Concentric, the West Midlands engineering products and controls manufacturer, past the level at which disclosures are required under Takeover Panel rules.

Laurence Prust and Co., stockbrokers, on Wednesday purchased 470,000 shares in the company on behalf of Mr. Eng Chin Ah. This takes his holding up to 1,375,000 shares—equal to 7.27 per cent of the equity.

Mr. Eng Chin Ah, a resident of Malaysia, is a director of Goodyield Plaza which is controlled by Mr. Ghafar Baba, a Malaysian politician and businessman who has been playing a key *role in the recent buying of* Dunlop shares in the Far East.

It was disclosed last month that Goodyield had acquired 5.3 per cent of the Dunlop capital, following a large purchase by a Goodyield subsidiary, Pegit Malaysia.

The Concentric shares were understood to have been purchased in two buying operations — 345,000 before the Stock Exchange closed *at 3.30* pm and the balance of 125,000 after hours. The purchase price was believed to be around 46p per share. *Yesterday the* shares closed 1p higher at 44½p which compares with the year's high of 49p.

The identity of the seller of *the shares was not disclosed.* Concentric had no comment to make on the deal yesterday.

Concentric lifted first half *1980-81 pre-tax profits from* £1.06m to £1.29m. For the whole of the previous year profits were up from £1.52m to £2.43m.

Assam Trading acquires £1m investment

A subsidiary of Assam Trading (Holdings), Learmonth Property Investment Company, *has acquired a supermarket shop* and office investment located at North and South Bridge Street, Bathgate, West Lothian, for £1.08m.

Assam was the scene of a bitter row earlier this year over the injection of the private property interests of Messrs. John Guthrie and John Malcolm Guthrie.

Net annual income currently produced from the recent completed development is £106,300. The first rent review falls due in 1983 with the major reviews of the supermarket and offices occurring in 1984.

The directors are confident that at reviews the rental income will be substantially increased.

CAPARO INCREASES STAKE IN CMT

The Caparo Group has acquired a further 75,000 shares in Central and Manufacturing Trading Group, making its holding on aggregate 2.85m ordinary shares (10.7 per cent).

GLOBE INVESTMENT

The aggregate interests in Globe Investment Trust of the trustees *of* the National Coal Board Staff Superannuation Scheme, the Mineworkers' Pension Scheme, the Coal Industry *Benevolent* Trust *and the* Mining Contractors' Pension Scheme amount to 19,794,043 shares. This represents 12.13 per cent compared with *12 per cent* previously.

99.99% accept Goodkind offer for Parkdale

The offer by W. Goodkind and Sons for Parkdale Mercantile has been accepted in respect of 14,999 ordinary shares, representing 99.99 per cent of the equity. The offer is unconditional and remains open until October 22, but the balance of the shares is to be acquired compulsorily.

The application by Mr. F. J. C. Lilley to subscribe for 375,000 Goodkind shares received approval at the EGM held on October 1. Mr. Lilley and Mr. N. A. McMahon have been appointed to the Board of Goodkind.

It is proposed to extend Goodkind's accounting date from December 31 to *April* 30 and the current period will therefore be extended to cover the 16 months to April 30, 1981.

Goodkind is engaged in the manufacture and distribution of furs and in property investment and dealing.

Two Lacey companies suspended

Two of Mr. Graham Ferguson Lacey's publicly quoted companies have requested a suspension of their share listing pending an announcement.

The companies—NCC Energy (formerly National Carbonising) and Energy Capital (formerly Hamilborne)—were suspended at 74p (up 6p) and 88p (unchanged) yesterday.

An announcement is expected tomorrow which is understood to involve acquisitions in the U.S.

In July NCC, which Mr. Lacey is turning into an energy investment vehicle, bought a 29.9 per cent stake in Petrocon, an equipment supplier to the oil industry, in a "dawn raid" buying operation.

Apart *from* its Rexco smokeless fuel interests the company also has a 29.9 per cent interest in Hampton Gold Mining Areas, purchased *earlier this year*, and a 25 per cent interest in Bermuda-based Weeks Petroleum.

Energy Capital, a former brick making company, was transformed earlier this year following the injection of substantial *uranium gas and oil interests.*

HAWTHORN LESLIE

Mr. C. J. Smith, *a director of* investment holding company, R. and W. Hawthorn, Leslie and Co. has sold 187,000 ordinary *shares, equivalent to* 7 per cent of the equity. These were beneficially owned by Packsten Investments, in which Mr. Smith *has a controlling interest.*

The sale of the shares, on September 26, was undertaken to raise capital to meet Packsten's financial commitments in its developing coal mining and coal preparation business. James Capel placed the shares with *institutional investment clients.*

Mr. Smith will not offer himself for re-election to the board at the next AGM to be held in January.

ELECTRA/ARLINGTON

Electra *Investment Trust has* acquired £375,000 of convertible preference shares in Arlington Securities, giving Electra the *right to convert into a 15 per* cent stake in Arlington.

Electra also has the right to acquire further tranches of convertible preference *shares each* equating to 5 per cent of Arlington's capital, in 1983 and 1985, at the then applicable market value.

The company has further agreed to provide Arlington with a £5m facility for approved *schemes.*

VICTOR PRODUCTS

The consideration for the recently-announced purchase by Victor Products (Wallsend) of 60 per cent of K and B Beattie (Engineers) and the business of Titley and Co. was £250,000 cash.

Aberdeen Investments

The Board of Aberdeen Investments strongly recommend shareholders to take no action in respect of the projected offer of 100p cash per share by Aitken (English) Company.

When the offer document is received it will issue a further circular setting out its views and recommendation.

HONGKONG AND SHANGHAI BANKG./ MARINE MIDLAND

The Hong Kong and Shanghai Banking Corporation (HSBC) has completed the purchase of a 51 per cent investment interest in Marine Midland Banks Inc.

HSBC Holdings BV, a wholly-owned subsidiary of HSBC, purchased 3.33m new common shares of MMBI for U.S.$35.43 cash per share, increasing MMBI's equity capital by around U.S.$118m.

This followed earlier purchases of 3.3m new MMBI shares directly from MMBI, and of 3.12m shares under a tender offer for some 25 per cent of MMBI's then outstanding common stock.

MMBI is a bank holding company with assets of U.S.$16.6bn as at June 30, 1980.

DOREEN/CHERRY

Doreen Holdings, the Irish Republic clothing group with some 60 Joan Barrie/Winners retail units in the UK, has acquired 60 per cent of Cherry, a London-based clothing importer, for £300,000 cash.

The remaining 40 per cent will be purchased by Doreen within five years *for* a consideration related to future profit performance.

Cherry is mainly engaged in importing fur and leather garments from the Far East for resale to mail-order companies. Its pre-tax profit for the year to December 19, 1979, was £247,577. Doreen, in the year to March 31, 1980, reported a 36 per cent rise in pre-tax profits to £2.054m on turnover of £23m.

STEETLEY/ELLONTON

Continuing the expansion of its construction materials' interests in Scotland, the Steetley Company has acquired Ellonton Suppliers.

Ellonton Suppliers' principal activity is the production of road*stone and concreting aggregates* from its quarry at Craigie Hill, Kilmarnock.

This acquisition follows Steetley *Construction Materials'* entry into the Scottish market for construction materials in 1979 when it opened two concrete plants in Glasgow and a roadstone quarry at Torphin in Edinburgh.

UDT pays £2.4m for plant hire business

Isis Plant, a Swindon-based *wholly-owned industrial services* subsidiary within the United Dominions Trust Group, has acquired the plant and equipment *hire business of Bedfordia Plant* for £2.4m cash.

Mr. L. C. Mather, chairman of UDT, commented: "The business we are acquiring is complementary to our existing business in Isis Plant. The merger of the two fleets under the Isis banner *will result in a wider range of* plant and equipment available to customers, a 50 per cent increase in the number of depots *providing a more comprehensive* national coverage and improved profit prospects for the future."

If the proposed deal with the Trustee Savings Banks announced on August 13, 1980, is approved by UDT stockholders later in the year, Isis Plant will form an *integral part of* Endeavour Investments.

Endeavour Investments is to be the new, quoted company which will be taking over all the present interests of UDT except for 75 per cent of UDT's instalment credit operations in the UK which will be transferred to the TSB.

ASSOCIATE DEAL

S. G. Warburg and Co., as an associate of Grand Metropolitan, on *October 1 bought on behalf* of discretionary investment clients 150,000 Coral Leisure group at 90p. On the same day Warburg sold on behalf of a discretionary investment client 1,400 Grand Metropolitan at 150p and bought on behalf of a discretionary investment client 15,000 Grand Metropolitan at 151½p.

G. W. SPARROW/ MONTAGEV

G. W. Sparrow, the international crane hire and lifting specialist of Bath, and Montalev, S.A. of Voreppe, France, have *formed a joint venture company,* Montalev-Sparrow S.A.R.L., based in France.

The new company combines all the skills and experience of both these specialist groups enabling them to be in an extremely strong position to tender for major lifting contracts in Europe and throughout the world.

The company now has at its *disposal the world's largest truck* crane, the Gottwald MK 1000, acquired by Sparrows earlier this year. With a maximum lifting *capacity of 1,000 tonnes it is in* Indonesia for its first contract.

NO PROBES

The following mergers are not to be referred to the Monopolies and Mergers Commission: Charter *Consolidated/28.4 per cent of* Anderson Strathclyde; Smith International Inc./McEvoy Oilfield Equipment; Campeau Corporation (*Canadian company*)/ Royal Trust Co.; Brinco (*Canadian company*)/Cassiar Resources (Canadian company) and BP/ certain assets of Naphtachimie SA.

SHARE STAKES

Marley—Mr. P. A. Aisher, director, disposed of 508,226 ordinary shares, 508,226 new ordinary, 73,781 non-beneficial ordinary and 73,781 non-beneficial new ordinary.

Cardinal Investment Trust—Sun Life Assurance holds 1,522,680 deferred shares (10.26 per cent).

Coral Leisure Group—Cappoquin Securities, a subsidiary of Grand Metropolitan, has acquired further shares making Grand Met's holding 6,025,000 (7.142 per cent).

Rothschild Investment Trust—Directors have been granted options to subscribe for shares as follows: N. C. J. Rothschild 16,900, F. J. P. Mayer 28,200, M. H. A. Broke 8,500, J. R. Brown 5,600 and Z. H. Schloss 5,600.

William Press and Son—Colguy Holdings has acquired 700,000 shares making holding 8.77m (7.335 per cent). Colguy is a subsidiary of Sir Robert McAlpine and Sons.

Steinberg Group—A. D. Stanbury, director, has disposed of 45,000 reducing holding to 462,147 (3.54 per cent). R. C. Barklett, director, has disposed of 2,500 ordinary reducing holding to 7,248 and J. Steinberg, director, has acquired a non-beneficial holding of 2,500 ordinary making holding 16.48 per cent.

Ward Holdings—J. V. Walker, director, has purchased 25,612 ordinary; F. W. Cook, director, has purchased 20,000 deferred ordinary and C. A. London has sold 2,500 ordinary.

S. Pearson and Son—On July 1 Cowdray Trust acquired 157,950 *shares and disposed of 506,388* shares leaving holding 4,299,290 shares. Also on July 1 Cowdray Trust and Dickinson Trust jointly disposed of 7,252 shares leaving holding 1,424,592 shares.

On August 27 Cowdray Trust and Dickinson Trust jointly disposed of 63,496 shares, leaving holding 1,361,096 shares. On September 3 Cowdray Trust and Dickinson Trust jointly disposed of 55,158 shares leaving holding 1,305,938 shares.

EUROPEAN OPTIONS EXCHANGE

Series		Dec. Vol.	Dec. Last	Mar. Vol.	Mar. Last	June Vol.	June Last	Stock
GM C	$50	10	4 7/8	—	—	—	—	$51 1/8
Series		**Oct. Vol.**	**Oct. Last**	**Jan. Vol.**	**Jan. Last**	**April Vol.**	**April Last**	**Stock**
ABN C	F.300	13	5	5	13	—	—	F.303
ABN C	F.320	21	0.90	7	5.50	—	—	"
AKZO C	F.20	—	—	3	1.50B	2	2	F.20.50
AKZO C	F.22.50	—	—	—	—	60	1	"
AKZO C	F.25	—	—	—	—	161	0.50	"
AKZO P	F.20	2	0.30	11	0.90	70	1.20	"
AKZO P	F.22.50	20	2.40	—	—	—	—	"
AMRO C	F.65	4	0.70	—	—	—	—	F.64.90
HEIN C	F.50	—	—	—	—	31	3	F.48.70
HEIN C	F.55	—	—	—	—	19	1.80	"
HEIN P	F.50	—	—	5	3	17	3.70	"
HEIN P	F.55	—	—	11	6.50	—	—	"
HOOG C	F.15	—	—	—	—	9	0.90	F.15.10
IBM C	$60	28	6	—	—	20	9 1/2	$64 7/8
IBM C	$65	14	2	10	4 1/4 L	4	6 1/2	"
IBM C	$70	8	3/8	10	2 7/8	—	—	"
IBM P	$65	—	—	10	3	—	—	"
KLM C	F.60	4	1A	—	—	6	6.20	F.58.60
KLM C	F.70	—	—	1	0.60	—	—	"
KLM P	F.60	—	—	10	4	—	—	"
KLM P	F.70	—	11.10	—	—	10	13	"
NATN C	F.120	—	—	4	2.80	—	—	F.115
NATN P	F.110	—	—	6	0.80	2	1.80	"
NATN P	F.120	1	5	—	—	8	7	"
PETR C	Fr.5000	—	—	3	400	—	—	Fr.4970
PHIL C	F.15	—	—	5	2.20	—	—	F.16.60
PHIL C	F.17.50	—	—	—	—	41	0.80	"
PHIL C	F.20	—	—	45	0.20	—	—	"
OLIE C	F.150	5	26	—	—	—	—	F.175.30
OLIE C	F.160	2	15.60	4	17.60	—	—	"
OLIE C	F.170	86	5.50	45	9A	—	—	"
OLIE C	F.180	150	0.90A	217	4.10	58	6.70	"
OLIE P	F.150	—	—	11	0.30	—	—	"
OLIE P	F.160	—	—	1	0.90A	—	—	"
OLIE P	F.170	10	0.20	118	2.30	20	4B	"
OLIE P	F.180	42	5.20B	—	—	—	—	"
UNIL C	F.120	100	2.70	—	—	—	—	F.122.50
UNIL P	F.120	5	0.60	—	—	—	—	"
EXON C	$70	15	[illegible]	1	5	1	6	$73
XERO C	$70	—	—	10	4	—	—	$67 1/8
		Nov.		**Feb.**		**May**		
BOEI C	$35	5	5 1/4	—	—	—	—	$39 1/2
BOEI C	$40	4	2 3/8	—	—	—	—	"
MANN C	DM.180	1	9	—	—	—	—	DM128
SLUM C	$120	6	29	—	—	—	—	$147 1/8
SLUM C	$130	1	18 1/4	—	—	—	—	"
SLUM C	$140	1	10 1/2	—	—	—	—	"
SLUM C	$150	17	5 1/2	5	10 1/2	1	14 1/2	"

TOTAL VOLUME IN CONTRACTS 1665

C=Call P=Put

BANK RETURN

	Wednesday October 1 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	58,478,046	+ 22,569,052
Bankers Deposits	665,378,102	+ 103,369,364
Reserve & other Accounts	603,094,826	— 37,879,766
	1,361,503,974	+ 88,058,650
ASSETS		
Government Securities	391,615,856	+ 290,318,792
Advances & Other Accounts	299,757,431	+ 48,356,058
Premises Equipment & Other Secs.	454,476,480	— 344,917,141
Notes	15,365,925	— 5,808,394
Coin	288,282	+ 11,535
	1,361,503,974	+ 88,058,650
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes Issued	10,175,000,000	+ 25,000,000
In Circulation	10,159,634,075	+ 30,808,394
In Banking Department	15,365,925	— 5,808,394
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,854,455,785	— 5,600,987
Other Securities	1,309,529,115	+ 30,600,987
	10,175,000,000	+ 25,000,000

Wolstenholme Rink interim profits fall to £740,000

On turnover unchanged at £7.9m, pre-tax profits of Wolstenholme Rink fell from £901,090 to £739,659 for the half year ended June 30, 1980, and Mr. Alan Green, chairman, says that the full year's surplus will be considerably down on the £1.93m for 1979.

Profits of the group's principal manufacturing subsidiary, Wolstenholme Bronze Powders, were hardest hit by the economic recession. Marked reduction in world demand for bronze powders led to a highly competitive price situation, which was made worse by strong sterling.

"Sales are down and margins have been squeezed in our attempt to hold market share," the chairman explains.

Mr. Green says that the outstanding performance of Charles Openshaw and Sons (Manchester) rescued the group from an even more severe drop in profits, the subsidiary having managed to increase its contribution quite substantially.

H. Haeffner, which traditionally sells to the building industry, was hard hit by the recession, but Fryco Foils had the advantage of a strong pound and was able to buy its products from America at better prices. This resulted in improved margins leading to an increase in profits.

The outlook for the rest of the year is far from encouraging, the chairman states. Order intake at Wolstenholme Bronze continues at a low level and with the exception of Openshaw, every merchanting company "will continue to suffer from the recession."

Pre-tax surplus for the six months was struck after deducting copper account adjustment of £66,045 (£172,312) and was subject to corporation tax of £387,531 against £285,086. Net profit came out down from £616.004 to £352,128.

The interim dividend is unchanged at 2.5p net per 25p share, and subject to the full year's results, the directors intend to maintain the final at 3.25p

Alpine tumbles to £271,000

DESPITE TURNOVER rising by over £2m to £17.52m taxable profits of Alpine Holdings tumbled from £1.06m to £271,000 in the 27 weeks to August 3, 1980.

The fall is blamed entirely on the Alpine (Double-Glazing) subsidiary which incurred a pre-tax loss for the period of £272,000, compared with a surplus the previous year of £722,000 on sales of £10.56m (£9.6m).

The chairman Mr. J. G. Gulliver says in his interim report that the results of the double-glazing side were very disappointing, as he predicted they would be in a statement last July, particularly against the background of its rapid profits growth in recent years.

He adds that in addition to the losses there were extraordinary costs and provisions totalling £298,000, after tax, in connection with a major programme of cost reducing and the restructuring of this subsidiary.

Although Alpine (Double-Glazing) started the period with a strong order book and an apparently satisfactory trading outlook, by April, it was clear that the market for the company's products had become extremely difficult with a contraction in volume combined with a sharp increase in competitive promotional activity, the chairman says.

In view of these difficult trading conditions and the general outlook for consumer expenditure the company decided to reduce substantially production, operating and administration costs and production facilities of the offshoot have now been concentrated upon Tanfield Lea (County Durham) and Stockport with significant reductions in labour costs.

Along with the cost reduction programme the company committed substantial marketing expenditure in the form of media advertising and consumer promotion together with a programme of incentives designed to maintain its market share.

As a result the order book has been maintained at a reasonable level but the extent of promotional activity has resulted in an erosion of margins which will be reflected in installations carried out in the current period. The chairman therefore believes that the results of Alpine (Dougle-Glazing) will continue to be disappointing for the remainder of the financial year.

However, looking further ahead the company's reduced cost structure should allow it to benefit substantially from the anticipated recovery in consumer demand.

The group's other subsidiaries did well in the half year.

Dolphin Showers showed further strong growth. Turnover increased from £4,962,000 to £5,950,000 with profits before taxation 47 per cent higher at £663,000 (£451,000).

Despite the disappointing results from the double-glazing side the directors say their confidence in the longer term remains undiminished—adding that the group has continued to maintain a satisfactory liquid position which is adequate for foreseeable trading requirements.

The interim dividend is a same-again 2.275p net—but the directors say the final payment will depend on trading conditions and the outlook at the time. Last year a final of 2.975p was paid

Tax for the six months showed a drop from a restated £379,000 to £141,000 leaving a net surplus of £130,000 (£677,000).

After extraordinary items and minorities there was an attributable loss for the period of £170,000, against a profit of £674,000.

● comment

In the sense that it rarely does much harm to get bad news out of the way as quickly as possible, Alpine shares climbed 10p yesterday to 47p after an interim attributable loss of £170,000. Alpine made it perfectly clear last April thta the double glazing market had softened appreciably and, although volume is said to have held up tolerably well, the result of widespread discounting in much of the industry has pushed ADG into a heavy half-time loss above the line while a hefty charge has been struck at the post-tax level to accommodate the closure of the London factory. The trading outlook for the second half is still no better but, given that Alpine and the double-glazing industry generally have cut the level of operational gearing, the division should be capable of recovery next year if demand turns up. Bedroom furniture profits are back where they were two years ago but Dolphin has again progressed well even if it may prove difficult to hold recent year on year growth rates. Yielding 17.1 per cent historically, the shares must rate as a buy on income grounds. The balance sheet is still very sound and the final dividend should be under no specific threat unless Dolphin suddenty turns sour.

Buoyant debut for Pancontinental Petroleum

BY STEPHEN THOMPSON

SHAREHOLDERS IN Australia's Pancontinental Mining who subscribed to the issue of 44m shares plus options in the company's oil and gas exploration subsidiary — Pancontinental Petroleum—will be delighted with the stock market debut of the latter.

Pancontinental Mining holders were offered one 25 cents ordinary share at par (12.3p) in the newcomer plus an attached one cent option, for each share held in Pancontinental Mining.

In initial dealings on the Sydney Exchange yesterday Pancontinental Petroleum ordinary shares moved up to 52 cents prior to closing at 48 cents while the options closed at 35 cents. In London the ordinaries were finally 25p and the options 15p.

The options carry the right to acquire, in the ratio of one-for-two, a further ordinary share at a price of 25 cents up to June 30, 1985.

The launch of Pancontinental Petroleum was also reflected in a rise of 20p in shares of the parent company which controls 52 per cent of the newcomer.

Pancontinental Petroleum has acquired, or has the right to acquire, interests in exploration prospects in the Amadeus Basin in the Northern Territory, the Surat and Cooper Basins in Queensland and the Carnarvon and Perth Basins in Western Australia.

It is to commence seismic work in the Perth Basin in November, the Amadeus Basin in December and the Surat Basin in January next year.

Hopefully this work will outline structural prospects enabling one well to be drilled in the Perth Basin, two in the Amadeus Basin and at least three in the Surat Basin in 1981. man, Mr. Tony Grey, said Pancontinental Petroleum was presently evaluating a number of farm-in and application areas with a view to enlarging the spread of exploration prospects.

* * *

The Curalle No. 1 exploration well drilled in the Yamma Yamma Block of Queensland's Cooper Basin has been abandoned and the rig is being moved to the Wareena No. 1 location, around 100 miles to the south east.

Curalle was drilled to a depth of 6,370 feet and encountered only water.

Western Mining has earned an 18 per cent interest in the Yamma Yamma Block by paying 90 per cent of the cost of Curalle No. 1.

* * *

The Zeepaard No. 1 well currently being drilled by the BHP-Esso partnership on the North West Shelf's Exmouth Plateau continues to meet technical difficulties.

The well is at a depth of 4,032 metres and repairs are being carried out on the blow out preventer stack.

Syltone members approve £1m placing with ECI

Shareholders in Syltone, engineer, pipe system supplier and wholesale electrical distributor, have approved the company's proposal to raise £1m through a placing of 1m 9¾ per cent convertible cumulative redeemable preference shares 1983-90 of £1 each at par to Equity Capital for Industry. Conversion would give ECI 13.5 per cent of the enlarged equity.

The board states that apart from reducing gearing, the funds now being raised will broaden the company's capital base and facilitate further expansion.

In particular, the company intends to increase UK production capacity at its Drum Engineering subsidiary. Drum's activities have been Syltone's prime growth area since the group became public in 1972, with sales increasing from £700,000 at that time to £9.9m in 1980. In that period pre-tax profits rose from £90,000 to £1.3m.

Valuation at Apex Properties

The directors of Apex Properties feel that the present market value of the group's properties is some £10m in excess of the balance sheet value. At March 31, 1980 the value in the books was shown at £9.3m.

In arriving at the directors' valuation no account has been taken of the liability for tax on realised property surpluses, estimated at £3m.

Shareholders' funds stood at £8.45m, compared with £8.26m a year earlier. Short term deposits and cash totalled £1.25m (£1.12m) and mortgages outstanding came to £1.48m.

In the year ended March 31, 1980 the group made a net taxed profit of £354,496 (£252,031) before crediting extraordinary items of £54,817 (£392,667), as reported on September 2. The dividend is 2p (1.6p) net.

Meeting, 243 Pavilion Road, Sloane Square, SW, October 21 at noon.

Glover & Main declines to £7.8m

Taxable profits of Glover and Main, a subsidiary of Thorn EMI, declined from £8.15m to £7.85m in the year to March 31, 1980, on turnover sharply ahead at £135.36m, compared with £121.33m.

After a tax charge increased to £897,000 (£676,000) and an extraordinary debit of £185,000 (£1.02m credit) the net surplus showed a drop to £6.8m (£8.5m).

Exports during the year totalled £20.73m (£15.19m).

Macallan-Glenlivet slips back

AFTER improving by £36,000 to £205,000 at the halfway stage, pre-tax profits of Macallan-Glenlivet, malt whisky distiller, fell back in the second half to finish the year to July 31, 1980 at £432,000 against £502,000.

The dividend is nevertheless increased from 5.9045p to 6.4949p with a final of 4.2449p.

The current year is expected to be difficult, say the directors, as margins are squeezed further and demand slackens industry-wide.

The surplus is struck after a depreciation of £167,000 (£172,000), interest charges of £453,000 (£270,000) and leasing rentals of £72,000 (£29,000).

Turnover rose from £3.32m to £4.01m and earnings per 25p share are shown as 18.4p (22.35p).

Adding back the stock financing and rental leasing costs would demonstrate the much improved trading position overall, say the directors. The interest charges reflect a conviction that maintaining a high level of stocks will reap substantial benefits in the future, especially during a period when other distillers are being obliged to cut back on production. The ever increasing value of the stock being laid down may thus be seen in terms of future profit, they add.

Other factors leading to the reduced surplus this time were a depressed market for single malts, lower demand for mature spirit by blenders, and a 57 per cent increase in the cost of butane fuel.

Linfood spends £16m over two years

CAPITAL EXPENDITURE at Linfood Holdings, the wholesale, cash and carry and retail distribution company, has totalled £16m in the past two years, Lord Kissin of Camden says in his chairman's annual statement.

This was funded from retained earnings, property disposals resulting from the group's rationalisation programme, and certain bank facilities made available to it.

The group's supermarkets and discount stores have now been reorganised into two complementary operations, the main emphasis being on Dee Discount Stores in the north of England, and Gateway Food Markets in the south. The sale of fresh food in the southern area has been a major factor in the results obtained, he says, and the pre-packing plant at Bristol has assisted in its distribution.

Although maintaining the volume that is passing through the company's warehouses, he says it will have to face a reduction in school meal catering supplies to local authorities. This has been partially offset, however, by an increase in commercial sales.

Since the end of the financial year the company has opened a new 76,000 sq ft cash and carry store in Gateshead. Sales in the first weeks have exceeded expectations.

Results of the Pidou company in France, which is operating three distribution warehouses and two cash and carry stores, have been satisfactory and the company expects the recent installation of a new wine bottling plant to improve the performance of this subsidiary.

As known, pre-tax profits for the year to April 26, 1980, were £10.21m (£7.55m) from sales of £950.64m (£831.5m). Shareholders' funds totalled £45.1m (£41.73m).

On a CCA basis pre-tax profits are reduced to £7.71m (£6.01m).

Celtic Haven withdrawing from marine fabrication

In marine engineering and steel fabrication, Celtic Haven is to concentrate attention on the encouraging opportunities available in the Pembroke area and withdraw from the competitive field of marine fabrication, says Mr. M. Sheppard, the chairman.

This policy could have the additional benefit of releasing further assets which are at present not producing an adequate return, he tells members in his annual statement.

In view of the consensus of opinion concerning the future of oil exploration in the Celtic Sea, the directors have decided not to renew the lease of the Celtic Sea Supply Base at March 31, 1981, and negotiations for withdrawal have commenced.

Singlo's sales rise 25%

Sales in the current year at Singlo Group have remained at a most satisfactory level to the end of August when they were 25 per cent above those for the comparable period last year, says Mr. Michael Slocock, the chairman.

At the Highbridge store, opened in May, sales are well ahead of budget and the break-even point and the Warminster branch, opened in August, has made a promising start. This rise in the volume of sales will increase the company's level of over-riding discounts for the year, the chairman says.

These make an important contribution to profits and should now be further increased as a result of Norman's (Budleigh) Discount Stores joining a large buying organisation. He expects the full benefit of this association in 1981-82.

Singlo has embarked on a major exercise with management consultants to improve productivity within its stores. Some benefits from this are already accruing to the company.

Norman's has continued to extend and improve existing sites. Further selling space has been opened at the Budleigh branch and the layout improved.

As known, pre-tax profits improved by £600,000 to £695,000 in the year to March 31.

There will be an extraordinary general meeting at 123 Kennington Road, SE, on October 14, at noon.

OUTLOOK FOR DAVY CORP.

Sir John Buckley, chairman, told shareholders at yesterday's AGM of Davy Corporation that apart from the deepening recession and the growing difficulties in the UK, the outlook for the group is very much as outlined in his statement with the accounts—he said then that prospects were good.

He added that he believed the longer term prospects were excellent although earning a satisfactory profit in the near future would be difficult.

Grimshawe warns on halfyear

Results for the first half to end September of Grimshawe Holdings, the industrial group with strong interests in the DIY market, will not be good, Mr. Thomas Kenny, the chairman, told the annual meeting.

The recession throughout most of UK industry is now affecting the group, he said, and the retail sector, which the group supplies, is having a very difficult time.

There must come a point, he added, when the de-stocking process comes to a halt.

Since the issue of the annual report, the top management at Cindy has been changed, and Mr. Kenny told the meeting that the new circumstances now prevailing require a shift of emphasis—"it needs a new broom to achieve that"

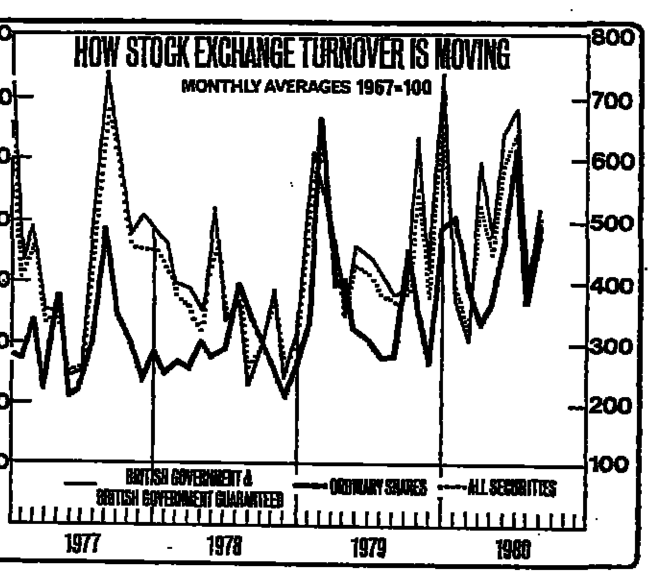
Spon, which he identified as a company needing "a lot of effort for an inadequate reward," has been sold. Contracts were exchanged on September 29. The exact amount of the sale is dependent on a stock evaluation now in progress.

STOCK EXCHANGE MOVEMENT IN SEPTEMBER

Recovery in all sectors

BY NIGEL SPALL

STOCK EXCHANGE trading in September picked up from August's low level. The increase partly reflected September's two extra business days, but more so the Iran/Iraq conflict together with leading engineering group, GKN's interim statement shock, both of which generated an uneasy atmosphere throughout markets. Until then, the two main investment sectors had shown a marked ability to hold ground in the face of the deepening UK recession.



Total turnover last month rose to £16.5bn compared with August's £12.9bn and the FT Turnover index advanced from 399.6 to 523.5. The average daily value of equity business picked up from August's £101.1m to £126m and the number of equity bargains increased from 280,702 to 377,985. The FT Turnover index for ordinary shares rose to 494.5 in September compared with the previous month's 361.

Equity prices closed the month slightly easier despite the FT Industrial Ordinary Share index attaining a 1980 peak of 508.9 on September 12. An ensuing downward drift reflected the reluctance of institutional operators to commit funds because of the Middle East situation and the index settled marginally lower on the month at 481.

The outbreak of hostilities in the Middle East, however, stimulated an unprecedented rise in gold shares as they followed the strengthening bullion price. On September 22, the FT Gold Mines index recorded its biggest-ever one-day rise of 54.1 points and attained a peak of 558.9 before reacting later and closing the month with a net rise of 107.2 points at 496.9. The price of gold bullion spurted to $716 an ounce, but similarly reacted sharply on profit-taking to end $38 an ounce higher on balance at $670½.

Overall trading in gilt-edged securities increased substantially last month, by £2.93bn, or 31 per cent, to £12.37bn. Aided by the tone in sterling which rose to a 5½-year high, business in the longer-dated stocks rose by £2.69m to £7.38bn, or 57 per cent, and in the shorts by £0.23bn to £4.99bn. The total number of gilt-edged bargains increased by 10,145 to 72,371, while the FT Turnover index for British Government securities rose to 523.5 in September from August's 399.6. The FT Government Securities index improved from an end-August level of 67.72 to 70.18.

Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	4,987.9	30.3	23,855	4.9	226.7	209,093	1,084
Others	7,390.9	44.8	48,516	9.9	335.5	152,133	2,205
Irish Government							
Short-dated (having five years or less to run)	348.7	2.1	2,139	0.4	15.8	163,018	97
Others	418.5	2.6	2,980	0.6	19.0	140,453	136
UK Local Authority	400.0	2.4	5,121	1.0	18.2	78,107	233
Overseas Government Provincial and Municipal	15.3	0.1	1,894	0.4	0.7	8,098	86
Fixed Interest Stock Preference and Preferred Ordinary Shares	143.4	0.9	29,247	5.9	6.5	4,903	1,330
Ordinary Shares	2,771.2	16.8	377,985	76.9	126.0	7,332	17,181
TOTAL	16,466.0	100.0	491,737	100.0	748.4	33,485*	22,352

* Average of all securities

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
BCCI	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14¼%.

MINING NEWS

Aboriginal deal in S. Australia

BY KENNETH MARSTON, MINING EDITOR

AN AGREEMENT signed in South Australia will require mining companies to negotiate with the aboriginal people there before exploration is started. It *gives leaders of the* Pitjantjatjara people the inalienable freehold right to 105,000 square kilometres in the north-west part of the state.

The agreement, which will have to be ratified by the South Australian State Parliament, is the first land rights deal of its kind signed in Australia. It follows negotiations with the Pitjantjatjara Council which, it is reported, represents about 3,000 tribal aborigines living in the Northern Territory and Western Australia as well as South Australia.

Mining companies will have to negotiate with the Pitjantjatjara on the conditions for entering the South Australian area and any dispute will be referred to an independent tribunal headed by a judge whose decision will be binding. He will be required to take into account the *pro*fection of the aborigines, their culture and their wishes.

Mining royalties will be shared between the Pitjantjatjara, other aborigines and the State Government. The agreement also contains clauses to minimise social friction between whites and aborigines. However, the possibility arises that the mining companies may feel that the best way of observing the latter clauses would be to direct their activities elsewhere.

Aborigines do not have similar rights anywhere else in Australia with the exception of the Northern Territory which is administered by the Federal Government. Not surprisingly, the Pitjantjatjara Council is going to try for similar rights in mineral-rich Western Australia. Whether it will succeed, however, is another matter.

The Western Australian Government has already allowed Amax to carry out exploratory oil drilling on an aboriginal sacred site at Noonkanbah, despite a major protest campaign involving the trade unions and churchmen as well as local aborigines.

Beralt Tin

FIRST HALF profits of **Beralt Tin and Wolfram** have risen to £2.3m (£1.6m a year ago) before Portuguese tax of £378,000 (£236,000) and minority interests *£430,000 (£291,00).*

The company says that the further decline in the value of the Portuguese escudo against sterling has give nrise to an *exchange loss of £320,000* on the translation of the Portuguese net assets into sterling.

This has not bee ntaken into account in the latest results because the effect of currency realignment is dealt with in the annual accounts based on an end-year exchange rate.

Beralt also announces that Mr. *L. G. Stopford Sackville* has relinquished his appointment as chairman and director, but has accepted an invitation to remain on the board of the principal Portuguese operating *company,* **Beralt Tin and Wolfram (Portugal).**

SHANGANI FACES LOSSES AGAIN

After reporting a maiden profit of some Z$844,000 *(£563,000) for the 1979-80 finan*cial year the **Johannesburg Consolidated** group nickel producer in Zimbabwe, **Shangani Mining Corporation** expects to return to losses in the current year, reports our Salisbury correspondent.

Mr. H. Dalton-Brown, chairman of Shangani, points to the combination *of increasing costs* and an unchanged world price for nickel. Furthermore the mine continues to suffer from technical and financial problems.

C. Sharpe maintains dividend

A FALL of £209,143 in taxable profits of £378,514 is announced by **Charles Sharpe & Co.**, seed grower and merchant, for the year ended June 30, 1980. *Turnover was little changed at £11m* compared with £10.79m.

The dividend is maintained, however, at 27.5p net per £1 share with an unchanged final of 23.38p.

After tax, much lower at £33,072 against £232,179, net profit emerged at £345,442 compared with £355,478, giving slightly decreased earnings of 76.7p (79p) per share.

John Swire down £3m but optimistic

Pre-tax profits of **John Swire and Sons**, unlisted shipping and insurance group, fell from £13.5m to £10m in the six months to June 30, 1980.

The Board says profit is lower than anticipated, but it is expected that an improved second half will result in figures for the year *in excess of the £23.8m* achieved last year.

The pre-tax figure includes investment income and interest received of £2m (£1.8m), associates £6.1m (£8.7m), exceptional credits of £1.1m (£1.3m) and interest payable of £3.2m (£1.3m).

Tax charged was down from £4.3m to £3.5m.

Atlantic Intl. Bank slips to £1.03m

Profits of **Atlantic International Bank** *fell slightly from* £1.14m to £1.03m for the year ended June 30, 1980. After tax of £532,470, against £596,335, the net balance was down £37,422 at £502,516.

Mr. Hilton S. Clarke, the chairman, says the constant strengthening of sterling diminished the profitability of the dollar denominated loan portfolio relative to the Bank's sterling cost structure.

While excessive liquidity in the Euro currency markets led to fierce competition and additonal downward pressures on already narrowing spreads, especially for prime risks.

At balance date, total assets were ahead from £136.62m to £142.6m; shareholders' funds rose from £7.5 m to £7.76m Deposits totalled £129.06m (£124.14m) and loans and advances increased to £87.33m (£82.47m).

The Bank is owned by Manufacturers National Bank of Detroit, Shawmut Bank of Boston, F. van Lanscot Bankiers N.V. and Banco di Napoli.

UPWARD TREND AT ASSOC. BRITISH ENGINEERING

Management accounts for the *current year at* **Associated British Engineering**, the diesel engine and allied industries group, show a continued favourable trend and the chairman told the AGM that he *was hopeful of* a further substantial step in the company's recovery.

Last year turnover rose from £1.74m to £2.67m and pre-tax profits more than doubled from £73,000 to £149,000.

In Brief

MAYNARDS (confectionery manufacturer and toy retailer)—Results for year to June 30, 1980, reported September 12. Shareholders' funds £9.69m (£8.01m), creditors and accrued charges £5.81m (£4.25m), cash £677,000 (£506,000), short-term deposits £500,000 (£200,000). Meeting, London, N4, October 30, at 11 am.

MERCURY MONEY MARKET TRUST (incorporated in Jersey). Interim dividend for the year to September 27, 1980, is unchanged at 10p. There is again no final dividend. Amount available for distribution £65,380. To be paid on October 24.

BARRINGTON HIGH YIELD FUND—Final distribution on income units for year to September 24, 1980, 4.2p, making total 14.325p (12.7p): payment November 10.

FMC (subsidiary of NFU Development Trust)—Results for year to April 26, 1980, announced August 6. Shareholders' funds £17.15m (£17.41m), cash and bank balances £630,000 (£838,000), secured bank overdrafts and loans £7.9m, (£8.82m). Meeting: Agriculture House, Knightsbridge, SW, October 21, noon.

WESTPOOL INVESTMENT TRUST—Results for year ended April 30, 1980, already known. Listed investments £12.74m (£15.1m), unlisted £571,344 (£315,548): net assets available for shareholders £11.79m (£13.24m). S. Pearson and Son held 14 per cent at September 17, 1980. Meeting: Cheapside, EC, October 28, 11.30 am.

A. & J. MUCKLOW GROUP (industrial property investment and development)—*Results for year ended* June 30, 1980 with prospects reported September 23. Shareholders' funds £37.73m (£35.21m). Medium and long-term borrowings £12.02m (£5.08m). Bank overdrafts £1.5m (£2.13m). Bank balances *and cash* £1.33m (£0.75m) Short term deposits £1m (nil). Meeting, Birmingham, October 21, 10.30 am.

LONDON PAVILION (cinema)—Pre-tax profits for half-year to June 30, 1980, £33,799 (£35,052); tax £13,020 (£15,258). Board says all relative expenditure relating to proposed redevelopment of the London Pavilion site up to June 30, 1980, totalling £112,225, has been included in company's fixed assets. No provision has been made for any fees of advisers for the company in connection with the redevelopment as these will not be payable unless the development proceeds. They will then be provided as part of the total financing arrangements.

MELODY MILLS (wallcoverings manufacturer and distributor)—Results for year ended March 31, 1980, with prospects reported September 9. Shareholders' funds £4.56m (£3.61m). Loans on mortgage £207,233 (£207,623). Bank overdrafts (Secured) £1.42m (£1.14m).

APPOINTMENTS

Monopolies Commission chairman reappointed

The Secretary for Trade has reppointed Sir Godfrey Le Queens QC as a member and chairman of the MONOPOLIES AND MERGERS COMMISSION for a further year up to November 30, 1981.

Announcing the reappointment, the Secretary for Trade said that he greatly valued Sir Godfrey's work as chairman of the Commission. His expertise at the Commission would be of particular importance in the months ahead, during which time the Commission would be faced with the challenge of new kinds of investigation arising out of the Competition Act.

Sir Godfrey was first appointed to the Commission in October 1974, and became chairman in December 1975, following Sir *Ashton Roskill's retirement from* that post.

★

THOMSON MAGAZINES has made the following appoint*ments:* **Mr. Roger Nicholson**, managing director, Thomson Business Magazines; **Mr. Malcolm Gill**, managing director, Thomson Consumer Magazines; and **Mr. Michael Bird**, assistant managing director, Thomson Magazines, with responsiblity for marketing and development. **Mr. James Bishop**, publisher and editor of Illustrated London *News, and* **Mr. Julian Marshall**, director of Northwood Publications, have joined the board of Thomson Magazines.

★

TARGET TRUST MANAGERS, which earlier this year became a subsidiary of Rothschild Investment Trust (RIT), has made the following appointments: **Mr. Zvi Schloss**, a director of RIT, joins the Board in a non-executive capacity **Mr. Brian Weston** has become a member of the Board as finance director—he is also a director and general manager of Unit Trust Services; **Mrs. S. Coomber** (Sue Jones), formerly marketing manager of Target Trust Managers, is now an executive director; **Mr. Stuart Bottomley** and **Mr. John Hodson**, directors of Target Fund Managers, appointed directors of Target Trust Managers.

★

Mr. Victor Adey *has been* appointed non-executive chairman of REALTY WORLD CORPORATION (UK). Mr. Adey is also chairman of Mercantile *Credit Company* and a *director* of Barclays Bank International. Executive Board appointments at Realty World are **Mr. John Weston**, deputy chairman, **Mr. John Collins**, *managing director,* and **Mr. Thomas Harris**, deputy managing director. **Miss Sheila Black**, **Sir Henry Johnson**, a director of The Imperial Life Assurance Company of Canada, **Mr. Arthur Hollis**, **Mr. Antony McCormick**, **Mr. Ian McIntyre**, **Mr. Wiliam Janeski** (U.S.) and **Mr. Richard Kughn** (U.S.) join the Board as non-executive directors.

★

Mr. Antony Chancellor has joined the Board of TRING *HALL SECURITIES and will be* responsible for the formation of a subsidiary. Tring Hall Investment Management, of which he will be managing director.

★

Mr. Brian J. Crangle has been appointed managing director of JOHN H. TAYLOR, a subsidiary of Feedex Agricultural Industries.

★

Mr. John B. Devine has become chairman of REED STENHOUSE AND PARTNERS and continues as chief executive. **Mr. Herbert Houghton** has retired as chairman of that company but remains chairman of Stenhouse Holdings and retains his direc*torship of Reed Stenhouse* companies.

★

Mr. A. Jefferson has become trackwork director and **Mr. R. H. L. Phillips** finance director, on the Board of GRANT LYON EAGRE, a Royal Boskalis Westminster company.

Scottish Council of CBI

Six leading industrialists have joined the Scottish Council of the CONFEDERATION OF BRITISH INDUSTRY for three years. They are **Mr. John B. Ashworth** *(Chivas Bros.),* **Mr. Hugh J. Arbuthnott** (Lithgow Holdings), **Mr. David E. Beardsmore** (Balfour Beatty Construction (Scotland)), **Mr. Thomas Jaap** (Scottish *Industries* Training and Management Services), **Mr. John M. Little** (Anderson Strathclyde) and **Mr. John Risk** (Coats Patons).

★

Mr. Bennett Lord has become executive chairman of STANLEY TOOLS LIMITED, and **Mr. Stuart Davis**, managing director, has been appointed vice-chairman. The parent concern is the Stanley Works, U.S.

★

Mr. John E. Grandidge has been appointed group managing director of NEGRETTI AND ZAMBRA in addition to his position as chairman and managing director of Negretti and Zambra (Aviation). **Mr. Terence J. Adams** becomes group financial director in place of **Mr. J. Brian Gowshall**, who has taken up an appointment as director of finance with the British Waterways Board.

★

Mr. F. G. Mayard by mutual agreement has left the EGIS GROUP and has resigned from the Boards of Edinburgh General Insurance Services and all associated companies including Maynard Reeve and Wallace (Lloyds brokers).

★

at 1-2 Gracechurch Street, London EC3, and **Dra. Mirta S. Escudero** has been appointed representative at that office.

★

Mr. W. H. Greep has been appointed a director of CREDIT FACTORING INTERNATIONAL, a subsidiary of the National Westminster Bank.

★

Mr. Geoffrey Croton has been appointed managing director of BRYANSTON INSURANCE COMPANY, a subsidiary of Associated Communications Corporation.

★

Mr. David Wellings has been appointed managing director of GOLDEN WONDER and of SMEDLEY-HP Foods. He replaces **Mr. T. G. Sharman**, who remains chairman and chief executive of both concerns. Mr. Wellings

Mr. David Wellings

was with Northray Foods as managing director when that company merged with Ross last year and he joined the Ross *Foods board as director of fish* operations.

★

Mr. Ken Bradshaw has been appointed marketing director of *PLESSEY solid state division* and continues as marketing director of Plessey Semiconductors.

★

Mr. Raghnall Craighead *has* been appointed financial systems and development manager, in the finance division of the BRITISH GAS CORPORATION.

★

Mr. Peter M. R. d'Adhemar has been appointed chief manager for France at LLOYDS BANK INTERNATIONAL, Paris. ***Mr. J. Ernie A. Field*** *has been* made chief manager for Spain at the Bank of London and South America, a subsidiary of Lloyds Bank International, Madrid.

★

LOVELL HOMES has made three board appointments: **Mr. John Brockes**, company solicitor, will be responsible for all legal matters; **Mr. Stuart Henderson** will be in charge of land and surveying; **Mr. Paul Wiltshire** has become sales director.

★

Mr. Victor F. Ciardello has been appointed a director of MASSEY-FERGUSON HOLDINGS. He remains treasurer, east, Massey-Ferguson Limited, the parent company.

Mr. Christopher H. Smith has been appointed to the Board of LORILLEUX AND BOLTON on joining the oil ink division as marketing director.

★

Mr. Caspar W. Weinberger has been appointed a non-executive director of ILLINGWORTH MORRIS AND CO.

Mr. Clive Baker and **Mr. John A. Yetman** have been appointed directors of ICFC CORPORATE FINANCE.

★

The LONDON LIFE ASSOCIATION states that, at his own request, **Mr. Duncan A. Stirling** has retired from the Board. He had been a director since 1935, and was president from 1951-65.

★

Dr. G. Flohr, a deputy managing director of Estel NV, has been appointed to the Board of BAXTER FELL AND CO. **Mr. S. C. Smyth-Tyrrell** has been made export director of Baxter Fell Northfleet.

★

Mr. Maurice Sykes has become a director and general manager and **Mr. Derek Davies**, technical director, of MYSON ENGINEERING SERVICES. **Mr. Jack** *Marsden has been made a direc*tor and general manager of MYSON BRIGGS.

★

Mr. K. J. Garton has joined *the board of* ROHM AND HAAS (UK).

★

Mr. Roy Boulter and **Mr. John Moore** have been appointed directors of BARTON AND SONS. Mr. Moore continues as managing director of Barton Abrasives and Mr. Boulter remains chairman of member company High Pressure Forgings. Mr. Boulter also becomes chairman of the group's distribution division comprising Barton Handling and Storage Systems and PRA Company (Commercial Vehicle Accessories).

★

Mr. R. J. K. Beaumont has been appointed financial director of CHARLES CLIFFORD INDUSTRIES.

INTERNATIONAL COMPANIES and FINANCE

STOP-GAP MEASURE BY AIRLINE

Braniff moves to improve finances

BY DAVID LASCELLES IN NEW YORK

BRANIFF INTERNATIONAL, the financially hard-pressed Texas-based airline, yesterday announced that it had taken a number of steps to improve its finances. But the announcement was conspicuously lacking in detail, and it appeared to be no more than a stop-gap measure.

The company said it had reached agreement for a $39m credit from a group of banks to enable one of its own subsidiaries to buy three aircraft from Braniff Airways, which is Braniff International's main subsidiary. The purchasing subsidiary was not named, but Braniff has several units with interests in hotels, real estate, airport security services and others.

Braniff also said it had reached agreement in principle with two of its main suppliers to buy back nine of its aircraft for $72m, as and when required by Braniff. The suppliers were unnamed, but are thought to be Boeing and Pratt Whitney. The aircraft in question would be Boeing 727-200s.

Braniff also said it had agreed to grant a security interest in its property to its long-term debt holders.

Although the package was curious, its timing was not. Braniff was due to repay the final $25m of a $100m loan on Tuesday night and was clearly in need of cash.

Braniff has been in a financial bind all this year because of serious management mistakes, and it has used a number of means, including selling off aircraft and borrowing from suppliers, to stave off the worst. It announced a loss of $48m in the second quarter, and has frequently been mentioned as a possible takeover target.

Lockheed Corporation extended its offer to Air Portugal for the purchase of five Lockheed 1011 TriStars to October 10.

Financing arrangements for the $350m deal, including a $100m Eurocredit, will also remain open until the same date, the airline added.

Lockheed's offer, for the sale of three aircraft with an option on two more, was due to expire at the end of September but the company agreed to extend it until after Portugal's October 5 general elections.

Negotiations to replace the State-owned airline's ageing long-haul fleet have been going on for several months. But the Government only agreed in principle to the acquisition of new aircraft after signing a financial recovery agreement with the airline on September 16

Occidental Petroleum to buy Crestmont

By Our Financial Staff

OCCIDENTAL PETROLEUM, via its subsidiary Occidental Oil and Gas, has signed a definitive agreement to acquire Crestmont Oil and Gas for $24 a share. Total value of the transaction is $82.3m.

The deal provides for a newly-formed subsidiary of Occidental to buy the Crestmont shares and for Crestmont and the new Oxy unit to subsequently merge.

The companies said that concurrently with the execution of a definitive merger agreement, the holders of about 24 per cent of Crestmont's outstanding stock have agreed to sell their shares to Occidental Oil and Gas for $24 a share.

These holders consist of members of the family of the Crestmont founder, the late Mr. Carl T. Long, and several trusts for their benefit.

Crestmont produces and sells crude oil and natural gas in California and Texas and is also engaged in exploration. It had net income of $2.1m on sales of $6.4m in the 1980 first half. Assets at June 30 totalled $14.1m.

Campeau accepts OSC deadline

BY ROBERT GIBBENS IN MONTREAL

CAMPEAU CORPORATION hopes to announce the result of its bid for Royal Trustco late tonight, and will in any case comply with an order issued by the Ontario Securities Commission (OSC) that the result should be made public at the latest by 5 pm on Saturday.

The bid requires a minimum of a little more than 50 per cent. of the Trustco shares and assuming success, would require C$ 225m (U.S.$ 194m).

Campeau says that if it succeeds in getting control of Trustco, Canada's largest trust company, it would consider selling Trustco's seven banking operations in Florida.

The bid has been bitterly resisted by the board of Trustco, which on Wednesday claimed that Campeau had already been in contact with the U.S. banking authorities regarding a possible sale of the Florida banks. Trustco has insisted since the outset of the bid struggle that Campeau's success would violate Florida banking legislation.

Campeau Corporation, headed by Mr. Robert Campeau, a real estate millionnaire, failed in its rst bid of C$2 1a share to obtain the required minimum of more than 50 per cent of the Trustco stock.

The bid was increased to C$23 a common share and C$32.78 for each preferred share two weeks ago and the expiry date was extended in order to try to tempt more Trustco shareholders to accept.

Earlier this week a 1m block of Trustco shares changed hands on the Toronto market but the buyer has not been identified.

French in U.S. biscuit move

BY TERRY DODSWORTH IN PARIS

GENERALE BISCUIT, the French biscuit company which went public last year, is spending $18m to establish its first significant foothold in the U.S.

The French group has made no secret of its ambitions in North America for some time. Well established in Western Europe, where it makes biscuits in seven countries and employs about 11,000 workers, it has been looking for new investment opportunities

The deal will give Generale Biscuit, through its U.S. holding subsidiary a 78 per cent stake in Burry-Lu, a biscuit-making concern bought from Quaker Oats, which will retain the rest of the shares and certain large-volume sales activities.

Generale Biscuit had a turnover last year of FFr 3.2bn ($775m) and net profits of FFr 43m. At present only about 10 per cent of its sales are overseas, but it has been keen to expand on the international side because of the steady drop in biscuit consumption in Western Europe.

Given the agreement of the French and U.S. authorities, Generale Biscuit is aiming to have the new Burry-Lu company in operation by the end of November. The company will employ 1,000 people, produce about 50,000 tonnes of biscuits a year and have a turnover of about $70m.

Burry-Lu, which is retaining its present management, will also launch the group's new international products on the American market.

Lone Star sees decline

By Our Financial Staff

LONE STAR INDUSTRIES, the New York-based building materials group, expects lower third quarter earnings but higher earnings from continuing operations for the first nine months of the year, according to Mr. Donald Halsted, president.

Lone Star in the 1979 third quarter earned $2.28 a share. In the first nine months of 1979 it earned $3.60 a share from continuing operations.

Mr. Halsted also said Lone Star did not expect to report any significant earnings rise or decline for all of 1980 from 1979's net level of $5.15 a share. "The fourth quarter will tell the story," he said.

Tyler plans $10m write off

BY OUR FINANCIAL STAFF

TYLER CORPORATION, which operates the largest heavy haulage operation in the U.S., plans to make a $10.2m write off in its third quarter, a move which will push the group into the red for the three months.

The write off will reduce earnings per share by about $1.05, and is for the entire cost of route permits associated with its trucking operations. As well as heavy haulage throughout the Continental U.S. and in Canada and Mexico, Tyler has general commodity carrying operations, mostly in the south east

Tyler said it planned to claim most of the write-off as a deduction for income tax purposes but that because of the uncertainty regarding the final tax treatment no benefit would be recorded in the third quarter.

For all of last year Tyler's net profits came to $23.5m on sales revenues of $519m. Earnings per share totalled $2.34. For the first half of this year earnings per share were down from $1.05 to 78 cents, with all of the decline accounted for by the second quarter when earnings tumbled from 80 cents to 51 cents.

Tyler's heavy haulage and commodity carrying businesses normally provide around 40 per cent of revenues with and about 35 per cent of profits. Its industrial explosives activities contribute about 23 per cent of sales and a slightly higher proportion of profits with pipe and pipe fittings manufacture accounting for 36 per cent of sales and almost 40 per cent of earnings.

Chessie System shows advance

By Our Financial Staff

CHESSIE SYSTEM, the U.S. railroad which is to be merged with Seaboard Coast Line, has reported an improvement in third quarter net profits from $23.6m to $28.9m. Earnings per share were $1.44 against $1.19.

Chessie said the increase in earnings, which was achieved on a $24m rise in revenues to $484m, was helped by the record movements of steaming coal to its Chessie Docks in Baltimore, Maryland, and to Newport News, Virginia.

For the nine months profits were up from $71.1m to $88.6m, or from $3.58 a share to $4.41, and revenues were ahead from $1.4bn to $1.5bn.

As a result of the recently approved merger with Seaboard, the next earnings report will be for CSX Corporation, the holding company for the merged operation.

Setback in earnings at Parker Pen

By Our Financial Staff

PARKER PEN, the leading U.S. manufacturer of pens which also includes the world's largest temporary employment business, saw its second-quarter net profit drop from $10.44m to $8.49m. Sales for the quarter increased from £171m to £182.4m.

Because of the 26 per cent increase recorded for the first quarter, however, net profits after six motnhs are showing only a slight decline from $17.19m to $16.98m. There had been a decline in pre-tax earnings for the first quarter but this was offset by a sharp drop in the tax rate.

Half year sales were $347.6m against $315.3m, and the second quarter earnings per share of 50 cents (62 cents previously) pushed the six month figure to $1, compared with $1.02 previously.

The figures for the six months include a 9 cents a share gain from tax relief in the UK, while last year there was a 6 cent gain.

Parker commented earlier this year that its pen operations, which usually provide about 32 per cent of sales and 54 per cent of profits, were affected by increased precious metal costs. Its Manpower temporary employment activities normally contributed the bulk of revenues (around 65 per cent) and about 44 per cent of profits. Parker has reached agreement with minority shareholders in Manpower to buy the remaining 9.5 per cent it does not own.

Alcan studies Manitoba plan

By Our Montreal Correspondent

ALCAN ALUMINIUM, at the request of the Manitoba Government, is studying the possibility of building a smelter with a capacity of about 170,000 tonnes in the Province of Manitoba. The study should be completed by year end

The cost in current dollars for such a smelter would be well over C$500m (U.S.$430m). Manitoba has the lowest industrial power rates in Canada and has surplus electricity available from the Nelson river hydro development.

Rhone to invest in Brazil

By Rik Turner in Sao Paulo

RHONE POULENC's principal subsidiary in Brazil, Rhodia Industrias Quimica e Texteis, is to invest $280m between now and 1983 on expansion.

Sr. Thomas Unger, director of Rhodia's holding company in Brazil, explained that half the total investment would be spent on two new factories in the major petrochemical centre of Camacari in the north-eastern State of Bahia.

The first of these will produce adiponitril, a raw material for the production of nylon, and the second will explore "a promising new area of business, that of supplementary products for animal foods."

The rest of the investment will be to modernise Rhodia's other plants in Brazil.

Second London unit for Amro

By Charles Batchelor in Amsterdam

Amsterdam - Rotterdam Bank (AMRO) is to set up a merchant banking subsidiary in London to be called Amro International.

The bank, which is expected to start work in November, will be primarily involved in the international capital markets and will handle Amro's international new issue and Eurobond trading activities. Amro, which is number three in the Dutch banking league, established a commercial banking branch in London in 1977. The manager of Amro International will be Mr. Hans Fontein.

INTERNATIONAL CAPITAL MARKETS

Hungary's $300m credit surprises some bankers

BY PETER MONTAGNON

THE NATIONAL Bank of Hungary is to raise another $300m Eurocredit. The terms, announced yesterday, surprised many Euromarket bankers as they appear at first sight to be extremely generous to the borrower.

The credit carries a margin of ½ per cent over London interbank rates for the first two years of its life rising to ⅝ per cent for the following two. Although the credit initially carries only a four-year term it may be extended at the option of the borrower for a further four years at a margin of ¾ per cent.

Dresdner Bank International, which has received the mandate, has not disclosed the fee structure. It is however, understood that the front-end fees are larger than normal for this type of transaction. If the Hungarian Central Bank does decide to extend the loan it will also pay an extension fee.

These fees may well bring the total yield on the credit closer to levels deemed as an acceptable rate in the market. It is understood that Orion Bank had also been competing for the mandate on the basis of a flat ⅝ per cent margin throughout eight years.

It thus appears that Hungary has chosen a complicated structure for this deal to obtain a cosmetic easing of conditions on its Euromarket borrowings. The National Bank has always pushed hard to obtain lower margins than other Comecon countries.

This was also the case with its last borrowing, a $250m, seven-year credit signed in April. The credit was originally put to the market on the basis of a split-½-⅝ per cent margin over U.S. prime rate. Prime rate margins are normally lower than those over Libor because funding costs for U.S. banks are lower.

Initial response to the credit was, however, very cool and it was only completed after lenders were alowed an alternative pricing option of a ⅞ per cent margin over Libor.

It is thus important for Hungary's name in the Euromarkets that the new credit passes smoothly through syndication which is expected to begin in about two weeks time. To lead the deal the National Bank has chosen a major international bank with very considerable muscle in the Euromarkets.

Hungary is easily the most popular Euromarkets borrower from the Comecon bloc and conditions on his credit reflect this. There have been signs in recent weeks that many banks are overcoming their reluctance to lend to Comecon that developed after the Soviet invasion of Afghanistan.

Successful syndication of the Hungarian credit could pave the way for fresh borowings by other Comecon countries, also on somewhat more generous terms then they have enjoyed so far this year.

Philippines credit, Page 28

Eurofima lines up Euroyen bond

BY OUR EUROMARKETS STAFF

EUROFIMA, the Basle-based international railway rolling stock financing company, is expected to launch a Y10bn Eurobond later today. The issue will be the third yen-denominated Eurobond to reach the market this year.

Other issues in this sector have been floated by Finland, in June, and Sweden, in July, both for Y15bn.

The Eurofima issue is expected to be led by Nikko Securities. It will be an eight-year issue, and the indicated redemption yield is in the 8.70-8.75 per cent range.

Major sectors of the international bond markets were fairly quiet yesterday, with prices of fixed rate dollar bonds up ⅛ of a point. A further rise in U.S. prime rates surprised some dealers who had expected that stability would prevail at least for a few days after the Federal Reserve Board intervened to hold the Federal Funds rate down earlier this week.

The market's thinness was not, however, entirely the result of rising U.S. interest rates and investor reticence. Many UK bond dealers were absent from their offices for the annual golf tournament of the Association of International Bond Dealers (AIBD).

The cost of carrying bonds in inventory jumped from 11 per cent to 12½ per cent as Euroclear, one of the major clearing systems for Eurobonds put up its rates. This was basically a catching up operation in line with earlier dollar interest rate movements.

The D-Mark foreign bond market faltered slightly when news of the U.S. prime rate increase, to 14 per cent, came through. Dealers fear that higher U.S. interest rates will prevent any relaxation on the part of the Bundesbank. Prices of seasoned issues still gained ½ point on the day, as did those of Swiss Franc foreign bonds.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. *For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.*

Closing prices on October 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bnt. Oxygen F. 10¾ 90	50	82⅞	83⅜	+0½	−0⅛	14.00
CECA 11½ 88	100	92⅝	92⅞	+0⅛	−0⅛	13.05
Citicorp O/S Fin. 10 86	300	88⅞	89⅜	+0⅛	−1	12.82
Con. Illinois O/S 9¾ 86	150	86⅞	87⅜	0	−0⅜	13.04
Denmark 11¾ 90	100	91½	92	+0⅛	−0⅜	13.28
Dome Petroleum 13¼ 92	50	100⅜	101⅜	0	−0⅜	13.31
EEC 11 95	75	85⅝	86	+0⅛	−1⅛	13.23
EEC 11 85	70	85⅝	86⅛	+0⅛	−0⅜	13.16
EIB 11⅜ 92	80	90½	91	−0⅛	+0⅛	13.36
EIB 13⅜ 90	100	101½	102	0	−0⅜	13.38
Eksportfinans 11⅜ 87	50	93⅛	93⅝	−0⅛	−1	12.81
Eksportfinans 9½ 87	75	85½	86	+0⅛	−0⅛	12.74
Eloc. de France 10 88	125	86⅞	87⅜	+0⅛	−0⅜	12.74
Export Dv. Cpn. 12⅝ 87	100	99½	100	+0⅛	−0⅛	12.77
Export Dv Cpn. 9⅝ 86	150	87⅛	87⅝	0	−0⅜	12.87
Federal Dev. Bk. 12⅝ 85	75	96⅞	97⅜	−0⅛	−1⅛	13.14
Fin. Exp. Credit 10½ 85	50	90⅞	91⅜	+0⅛	0	13.09
Finland Rep. of 9½ 86	100	85⅞	86⅜	0	−0⅛	13.19
Ford O/S Fin 12⅝ 85	250	96⅞	97⅜	+0⅛	−0⅜	13.48
George Weston 13½ 87	30	†99	99½	−0⅛	−0⅛	13.63
GMAC O/S Fin. 11 84	100	94⅛	94⅝	−0⅛	−0⅜	12.78
GMAC O/S Fin. 13⅜ 85	100	100⅞	101⅜	−0⅛	−0⅛	13.05
Goodyear O/S 12½ 87	75	96	96½	−0⅛	−1⅛	13.34
Hudson's Bay 11½ 90	75	90⅞	91⅜	−0⅛	−1	13.14
IBM Canada 10½ 85	50	93⅞	94⅜	+0⅛	−0⅜	12.21
ICI Fin. Ned. 11 83	100	95⅝	96⅛	0	−0⅛	12.86
Int. Harvester 12⅝ 85	115	97⅛	97⅝	+0⅛	−0⅜	13.42
McGraw 13⅝ 85	75	99⅛	99⅝	+0⅛	0	13.59
NorWest Ind. 13⅝ 87	50	98⅞	99⅜	+0⅛	−0⅜	13.78
Nova Scotia 10½ 90	50	87⅜	88⅛	−0⅛	−1⅛	12.96
OKB 10 85	50	91⅛	91⅝	0	−0⅜	12.47
Pembroke Capital 9⅝ 87	100	†85⅛	86	−0⅛	−1	12.88
Pemex 11½ 88	100	91⅛	92	−0⅛	−0⅛	13.24
Quebec Hydro 11½ 92	100	87⅞	88⅜	−0⅛	−1⅛	13.55
Reosteel O/S 11½ 88	100	87⅛	87⅜	−0⅛	+0⅛	14.26
Revlease 11½ 85	50	95⅛	95⅝	−0⅛	−1	12.57
SNCF 12⅝ 85	50	99⅛	99⅝	+0⅛	−0⅜	12.47
Swed Ex Cred. 12½ 85	40	97⅛	97⅝	0	−0⅜	13.20
UB Finance BV 11 90	50	84⅞	84⅞	−0⅛	−2⅛	13.98
Unilever NV 9¾ 90	100	93⅛	83⅞	0	−0⅜	12.75
World Bank 9⅝ 85	200	90	90½	+0⅛	−0⅜	12.59
World Bank 10⅝ 87	300	88⅛	88	+0⅛	−1	12.82
Average price changes... On day +0⅛ on week −0⅝						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8¼ 90	250	100	100½	0	+0⅛	8.05
Austria Rep. of 8¾ 92	150	96⅞	97⅜	0	−0⅛	8.70
BFCE 7½ 87	100	94⅝	95⅛	0	−1⅛	8.83
BFCE 8¼ 85	100	94½	95	−0⅛	−3	8.77
Brazil 8 87	150	86⅜	87	+1	+0⅞	10.86
CECA 7¾ 92	150	94	94⅜	+0⅛	+0⅛	8.65
Denmark 7¾ 86	100	96⅞	97⅛	+0⅛	−0⅛	8.58
Denmark 8⅜ 92	100	97⅞	98⅜	+0⅛	+0⅛	8.49
EEC 7⅝ 94	225	93⅞	94⅜	+0⅛	−0⅛	8.59
Finland Rep. of 8 86	150	95⅝	96	0	−1⅛	8.94
Iberduero SA 9 90	100	98⅝	99⅛	+0⅛	−0⅛	9.19
Japan Dev. Bk. 7⅝ 87	100	95⅜	95⅞	+0⅛	+0⅛	8.46
Kobe, City of 8 90	100	97	97⅜	−0⅛	−1⅛	8.40
Mt. Bk. Denmark 8½ 90	150	97	97⅜	+0⅛	−0⅛	8.90
Norway 7½ 85	250	97⅞	98⅜	+0⅛	−0⅛	8.06
Nuclebras 9¾ 88	100	96⅞	97½	+0⅛	+0⅛	10.29
OKB 8¾ 92	150	96⅞	97⅜	+0⅛	−0⅛	8.66
Oslo, City of 8¾ 90	80	99⅝	100⅛	0	−1⅛	8.76
Sweden 9½ 87	200	103⅞	104⅜	−0⅛	−1⅛	8.84
World Bank 8 90	700	95⅝	96⅛	+0⅛	−1⅛	8.65
World Bank 7¾ 90	250	94⅝	94⅞	+0⅛	−0⅛	8.76
World Bank 10 86	150	106⅞	107⅜	+0⅛	−0⅛	8.30
Word Bank 10 90	200	107½	108⅛	+0⅛	−0⅛	8.74
Average price changes... On day +0⅛ on week −0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅝ 90	100	97⅛	98⅛	+0⅛	0	5.64
Bayer Int. Fin. 5⅛ 92	100	99⅛	99⅝	+0⅛	−0⅞	5.34
Bergen, City of 6 90	50	101½	101½	+0⅛	−0⅛	5.80
BMW Overseas 4⅝ 91	100	85½	85⅞	+0⅛	−0⅛	6.08
Buhrm'n-Tetterode 7 90	40	104½	104⅞	0	+0⅛	6.33
Caisse Nat. Tele. 4⅝ 89	100	92	92½	0	+1⅛	5.50
Copenhagen Tele. 5⅝ 90	60	94½	94⅞	+0⅛	0	6.50
Denmark 5⅝ 90	80	97⅝	97⅞	−0⅛	−0⅛	6.11
EIB 4⅝ 94	100	83⅛	83⅝	+0⅛	0	6.21
Elet. de France 4⅝ 89	100	90⅞	91	+0⅛	−1⅛	5.72
Elet. de France 5⅝ 90	100	94½	94⅞	0	0	5.98
F G H Hypo. Bk 6 90	60	†101	101⅛	+0⅞	−0⅛	5.84
Finland Rep. of 5⅝ 90	80	93⅛	94⅛	+0⅛	+0⅛	6.48
GZB 4⅛ 89	100	87⅛	88⅛	+0⅛	+0⅛	6.00
Int.-Amer. Dev. 4⅝ 89	100	90⅛	90⅝	−0⅛	−0⅛	5.95
Int.-Amer. Dev. 7 90	80	103⅞	104⅛	−0⅛	+0⅛	6.42
Jutland Tele. 5⅝ 90	30	†97	97½	−0⅛	+1⅛	5.89
Mt. Blanc Tunnel 5⅝ 90	60	98⅛	98⅝	0	−1	5.72
Newag 5⅝ 90	80	100⅞	101⅛	+1⅛	+1⅛	5.61
Nippon Tel. & T. 4⅝ 89	100	89⅛	89⅝	0	−0⅛	5.80
Norges Komm 4⅝ 91	100	85⅛	85⅝	0	+0⅛	6.21
OKB 4⅝ 91	100	85	86	0	+0⅛	6.29
OKB 6 90	100	102⅛	103⅛	−0⅛	+0⅛	5.60
Oslo, City of 4⅝ 91	100	86	86⅛	+0⅛	−0⅛	6.28
Philips Lamps 5⅝ 92	100	97	97⅛	+0⅛	−0⅛	5.59
Sekisui Pre. Hms. 6 90	80	101½	102	+0⅛	+0⅛	5.74
Shikoku El. Pwr. 4⅝ 89	100	91⅛	91½	−0⅛	0	5.99
Trade Dev. Fin 6⅝ 90	50	94⅞	95	+0⅛	−0⅛	6.65
Voest Alpine 5⅝ 90	50	96⅞	96⅞	+0⅛	+0⅛	6.20
World Bank 4⅝ 89	150	88⅛	88⅞	+1⅛	+1⅛	6.06
Average price changes... On day +0⅛ on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91	92	−0⅛	−0⅛	8.91
Australia 6⅝ 88	20	87⅛	88⅛	0	−0⅛	8.76
EIB 7⅜ 89	12	96⅞	97⅛	0	+0⅛	8.23
Finland 5.6 83	10	90⅛	91⅛	0	0	9.01
Finland 6.8 88	10	87⅛	88⅛	0	−0⅛	9.16
Finland, Rep of 8⅝ 87	15	96⅛	97⅛	0	−0⅛	9.00
Average price changes . On day 0 on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	60	91⅛	92⅛	−0⅛	+0⅛	12.74
CIBC 13½ 85 C$	50	99	99½	+0⅛	0	13.63
CIBC 11½ 85 C$	60	95	95	0	0	13.01
Federal Dev. 11½ 90 C$	60	86⅞	87⅛	−0⅛	−1⅛	13.97
Fst. Con Inv. 10 84 C$	50	89⅛	90⅛	0	0	13.63
GMAC 12 85 C$	50	†92½	93	−0⅛	−0⅛	14.16
R. Bk. Canada 10 86 C$	40	91⅛	92	+0⅛	+0⅛	12.07
Tordom Cpn 13⅛ 85 C$	30	99⅛	99⅝	+0⅛	+0⅛	13.82
M Bk. Damk. 9 91 EUA	25	93⅞	95⅛	0	+0⅛	9.83
SOFTE 8¾ 89 EUA	40	89⅛	90⅛	0	−0⅛	10.13
U. Bk. Nrwy 9⅝ 90 EUA	15	99⅛	100⅛	0	+0⅛	9.48
Algemene Bk. 10⅛ 85 Fl	400	99⅛	99⅛	−0⅛	−0⅞	10.34
Bk. Mees & H. 10 85 Fl	75	100⅛	101⅛	+0⅛	−0⅛	9.88
F. G. Hypo 9⅝ 87 Fl	60	96⅞	97	0	0	10.42
Heineken NV 10 87 Fl	75	99⅛	100⅛	0	−0⅛	9.98
Nat. Inv. Bk. 10 87 Fl	75	98⅞	99⅜	+0⅛	+0⅛	10.22
Nat. Neder 9⅛ 87 Fl	80	96⅞	97	0	+0⅛	10.17
Neder Mdn Bk 10 85 Fl	75	102	102½	+0⅛	+0⅛	9.41
Aero Paris 13⅛ 87 FFr	150	97⅛	98⅛	0	−1⅛	13.80
CECA 14⅛ 86 FFr	150	102⅛	103⅛	0	−0⅛	13.59
Finland 11 84 FFr	80	91	92	0	−1⅛	13.88
Finland 11½ 88 FFr	70	89⅛	90⅛	0	−0⅛	13.45
Gaz de France 11 84 FFr	150	91⅛	92⅛	0	−1⅛	13.67
IBM France 11⅛ 87 FFr	120	93⅛	94⅛	0	−0⅛	13.88
Renault 9⅞ 85 FFr	100	84⅛	85⅛	0	−2⅛	14.27
Solvay et Cie 9⅞ 87 FFr	125	82	83	−0⅛	−2⅛	13.96
Utd. Mex Sts. 14 85 FFr	150	98⅛	99⅛	0	−0⅛	14.13
Beneficial Fin. 14⅛ 90 £	20	98⅛	99⅛	−0⅛	+0⅛	14.40
Citicorp O/S 13⅛ 90 £	50	98	99⅛	0	+0⅛	13.81
EIB 11½ 91 £	25	89⅛	90	+0⅛	+0⅛	13.35
Fin. for Ind. 14⅛ 88 £	20	101	101½	−0⅛	+0⅛	14.14
Fin. for Ind. 13⅛ 87 £	20	98⅛	99⅛	−0⅛	+0⅛	13.58
Gen. Elec. Co. 12½ 89 £	50	96⅛	96⅛	+0⅛	+0⅛	13.28
Peugeot SA 14 90 £	23	98⅛	99⅛	−0⅛	+1⅛	14.19
Rothschild 14⅛ 90 £	12	98⅛	99⅛	0	+0⅛	14.43
Swed. Ex. Cr. 15⅛ 85 £	20	103⅛	104	−0⅛	+0⅛	14.04
Banobras 8⅛ 90 KD	7	†90⅛	91⅛	0	−3⅛	9.75
CCCE 8⅛ 91 KD	10	†86⅛	88⅛	−0⅛	−2⅛	10.25
Sonatrach 8⅛ 90 KD	12	†91⅛	91⅛	0	−0⅛	9.88
Akzo 9⅛ 87 LuxFr	500	92⅛	93⅛	0	−0⅛	10.58
Euratom 8 87 LuxFr	500	86⅛	87⅛	+0⅛	−0⅛	10.82
Euratom 9⅛ 88 LuxFr	500	97⅛	98⅛	0	−0⅛	10.21
EIB 9⅛ 88 LuxFr	600	97⅛	98⅛	+0⅛	−0⅛	10.13
Volvo 9⅛ 87 LuxFr	500	94⅛	95⅛	−0⅛	−1	10.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅛	98⅛	2/1	10.44	10.66
Bank of Ireland 5¼ 89	$0¼	98	98½	21/11	11⅛	11.58
Bank of Tokyo 5¼ 89	$0¼	97⅛	98	25/10	9⅛	9.46
Barclays O/S Inv. 5 90	0¼	97⅛	97⅜	13/12	9⅛	9.86
Bergen Bk. A/S 5 89	$0¼	97⅛	98	29/11	12⅛	12.53
Bilbao Int. NV 5¼ 90	0¼	97	97⅛	29/11	10.08	10.33
Cincorp O/S F. 83	$0	98⅛	99⅛	22/11	11.44	11.54
Citicorp O/S F. 84	$0	99⅛	99⅛	30/10	13⅛	13.21
C. Itoh 5¼ 87	0¼	98⅛	99⅛	18/3	12⅛	13.01
Co-operative Bk. 6 86	0¼	98	98⅛	15/11	11.44	11.64
Creditanstalt 5¼ 91	§0¼	97⅛	98	14/12	12.06	12.34
CNT 5¼ 88	§0¼	99⅛	99⅛	16/10	18⅛	18.19
GZB 5¼ 89	$0¼	97⅛	98⅛	1/11	9.81	10.00
Jugobanka 8 89	0⅛	91⅛	93⅛	23/11	11⅛	12.80
Ind. Bank Japan 5¼ 87	0¼	99	99⅛	15/10	18⅛	18.89
Lloyds Eurofin 8 90 £	0¼	96⅛	97⅛	3/1	15⅛	16.24
LTCB Japan 5¼ 86	0¼	96⅛	96⅛	13/12	9⅛	9.78
LTCB Japan 5½ 89	0¼	97⅛	98⅛	7/12	10⅛	10.33
Mfrs. Han. O/S 5¼ 94	$0¼	97⅛	98⅛	30/11	12⅛	12.39
Midland Intl. Fin. 5 89	0¼	97⅛	97⅛	20/12	9⅛	9.73
Midland Intl. Fin. 5¼ 92	0¼	97⅛	97⅛	5/12	10⅛	11.14
Nacional Fin. 6⅛ 86	0¼	97⅛	98	25/1	9.69	9.91
Nat West 5¼ 94	$0¼	98⅛	98⅛	11/10	18⅛	18.33
Nippon Credit 6⅛ 86	0¼	97	97⅛	12/1	9.56	9.83
Nippon Credit 5¼ 87	$0¼	98⅛	98⅛	6/11	10⅛	11.03
Royal Bk. Scot 5¼ 94	$$0¼	98⅛	99	11/10	9.31	9.43
Soc. C. de Bque. 6⅛ 87	0¼	97⅛	98⅛	3/10	20.06	20.47
Standard Chart. 5¼ 90	0¼	97⅛	98⅛	8/3	12.08	12.29
Svenska Hndlsbk. 5 87	0¼	97⅛	98⅛	15/1	10	10.20
Sweden 91	$0¼	196⅛	97⅛	18/10	9.56	9.85
Williams & Glyn 5¼ 91	0¼	98⅛	98⅛	14/3	12.44	12.64
Bq. S. d'Alg. 4¾ 89 SF	0⅛	88	88⅛	18/12	6⅛	7.11
Average price changes... On day 0 on week −0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†121	122	−0⅛	−6.70
Ajinomoto 7⅛ 95	2/80	615.5	136⅛	137⅛	+0⅛	−1.81
Apache I. Fin. 8⅛ 95	12/80	21.12	*131	132	+3	−7.40
Blocker Energy 8⅛ 95	1/81	21.87	†108⅛	110	+2⅛	−3.44
Canon 6⅛ 94	8/79	520	127⅛	128⅛	−0⅛	−1.86
Credit Suisse 4⅛ 93	10/79	1228	114	116	−1	−4.54
Daiei Inc. 6⅛ 94	11/79	927.3	96⅛	97⅛	0	15.12
DDKK 11 90	4/80	324	†105⅛	106⅛	+0⅛	15.48
Digicon Fin 8⅛ 95	10/81	29.5	†96⅛	98	+2⅛	10.34
Dynalectron 9⅛ 95	8/80	12.22	*109	110	+3	1.97
Ensearch Fin. 9⅛ 94	7/80	30.25	138	139	+2⅛	0.66
INA Overseas 8⅛ 2000	4/81	42	100⅛	101⅛	+0⅛	3.84
Inchcape Ltd. 8 95	2/81	4.55	107⅛	108	0	−1.22
JACCS 7½ 95	11/80	565	101⅛	102⅛	−0⅛	3.70
Moldensha Elec. 7 94	12/79	210	†108	107⅛	−0⅛	−0.70
MEPC 8⅛ 98	2/81	2.47	106	107	−0⅛	11.51
Ricoh 6⅛ 95	8/80	604	107	108	0	−0.85
SBC 6⅛ 90	9/80	200	99⅛	100⅛	0	5.67
Tricorp. 8⅛ 95	12/80	31.25	*97	98	+1⅛	20.67
Union Bk. Switz. 5 89	2/80	121.4	†97⅛	98	+0⅛	0.71
Fujitsu 5 84 DM	7/79	475	119	120	−1⅛	7.08
Sharp Corp. 6⅛ 88 DM	9/80	656	115	116	+0⅛	−0.88
Uny Co. 6⅛ 86 DM	11/79	1071	98⅛	99⅛	0	13.85

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEST GERMAN CHEMICAL INDUSTRY

Hoechst hit by downturn in demand

BY KEVIN DONE IN FRANKFURT

HOECHST OF West Germany, the world's second largest chemicals group, is being hard hit by the mounting recession in some of its most important markets.

Falling demand has drastically reduced operations at some major plants and nearly 3,000 workers at important production centres in West Germany are having to start short-time working this month.

Hoechst is suffering from the slowing of the West German economy, which is cutting demand from leading customer industries such as motor car manufacturers and textile and construction groups.

In July and August sales by the parent company dropped particularly sharply with falls of 9 per cent and 16 per cent respectively against the corresponding months of 1979.

For the whole of 1980 Hoechst expects sales worldwide to total some DM 29bn, ($) a rise of about 7 per cent over 1979. Almost all of the increase will be accounted for, by higher prices, however.

The increase also is chiefly owed to the chemical industry's very strong performance in the first quarter of 1980. Since May volume sales have been falling steadily.

Parent company sales in the first nine months of 1980 were DM 8.4bn, showing a rise of some 5 per cent compared with an increase in turnover of 11 per cent in the first six months and a rise of 21 per cent in the first quarter.

At the same time the capacity level at which Hoechst plants have operated in West Germany has also fallen in the last six months, dropping from an average of 85 per cent in the first three months of the year to 80 per cent in the second quarter and only 65 per cent in the third quarter.

Some plants, particularly in the dyestuffs sector, have been working at levels as low as only 50 per cent of capacity and it is in this sector that Hoechst has been forced to introduce short-time working.

For the year as a whole the Hoechst parent company expects a fall in volume sales and only a marginal increase for the group worldwide.

Falling demand in particular product areas is also hitting profits. Judged against the high level of the first quarter when the boom in the German economy reached its peak, the pre-tax profits of the parent company fell by 33 per cent in the second quarter. Professor Rolf Sammet, chief executive of Hoechst, warned yesterday that there would be a "further drastic reduction" in the third quarter.

It may still be possible to hold the dividend at last year's level, but two important sectors, fibres and plastics, actually operated at a loss in the third quarter, said Professor Sammet.

The main fall in demand has come in the inorganic and organic chemicals, dyestuffs and dyestuffs raw materials, plastics and fibres sectors. Activities which are less dependent on the general performance of the economy, such as pharmaceuticals and agrochemicals, together with non-chemical areas such as reprographics and industrial gases have weathered the recession more easily.

Prof. Sammet was optimistic that the current recession would not be as severe as the one which followed the 1973-74 oil price increases. But he expressed fears that the German current account deficit—expected to be around DM 30bn this year — would not easily be reduced by increasing West German exports.

The impact of the recession has not yet affected Hoechst's ambitious investment plans, however.

The group estimates that capital expenditure will rise this year to DM 1.8bn compared with DM 1.6bn in 1979. The biggest items of expenditure have come from investment in new plants in the U.S., where styrene monomer and polyethylene plants are coming into production this year.

The weakness of the U.S. economy means that Hoechst is unlikely to do much more than break even on its U.S. operations this year. But North America remains a major target for investment, and accounts for some 12 per cent of the group's planned expenditure worldwide of DM 2.16bn in 1981.

West Germany will take the lion's share of the investment with 60 per cent of the planned expenditure, while a further 19 per cent is earmarked for other West European countries and 4 per cent for Latin America.

In West Germany, Hoechst is hoping to invest significantly in expanding polyester production for the manufacture of plastic bottles. The bottles will be returnable and in a further processing stage Hoechst aims to re-cycle the used bottles into other plastic products.

Spanish deal for Motobecane

By Terry Dodsworth in Paris

MOTOBECANE, the French moped manufacturer in which the Dassault interests have a large stake, has signed a technical and industrial co-operation agreement with Derbi of Spain.

The deal will give the French company immediate access to engines and components made by Derbi which are suitable for manufacturing small 80cc motorcycles for the French market.

In the longer term, the two groups are to set in motion a permanent body aimed at better utilisation of their research and production facilities. But each company intends to maintain its own range and distribution network.

Motobecane, which will be presenting its first joint motorcycle at this week's motor show in Paris, signed a similar co-operation agreement with Guzzi of Italy four years ago. Machines from this agreement are now produced in a new $45m factory at Milan.

The agreement between the French and Spanish concerns comes only shortly after a similar deal signed by Cycles Peugeot, the bicycle and moped subsidiary of the Peugeot group, and Piaggio, the Italian company owned by the Agnelli interests.

Peugeot is Motobecane's main competitor in the French moped industry, but both groups have recently indicated their ambition to expand in an effort to fight off Japanese competition.

Turnover advances at Farmitalia

MILAN — Farmitalia Carlo Erba, the largest Italian pharmaceutical group, reported its turnover rose 25 per cent to L156bn ($181m) in the first half of this year, compared with a year earlier.

The company, which is controlled by Montedison, also reported a significant decrease in its indebtedness to June, whole economic results improved from a year earlier. It did not give nay figures, however.

Meanwhile, the Italian insurance group RAS reported that its combined premiums with its subsidiary, Assicuratrice, rose 16.2 per cent to L266bn ($309m) in the first six months compared with a year earlier. RAS and Assicuratrice reported higher yields from their investments, but also did not provide any figure.

Milano Centrale, which chiefly operates in the real state sector, reported its turnover amounted to L436.9bn ($507m) in the first half of 1980, up 15 per cent from a year earlier.

Pirelli and Co., the holding company of the Pirelli family, said it expects higher net profit for 1980 on the basis of first half results. In 1979 Pirelli and Co., which holds a controlling interest in Industrie Pirelli, posted a profit of L2.9bn ($3.4m).

Cartiere Burgo reported profit from industrial activities rose to L10.9bn ($12.65m) in the first half of the year from L9.5bn a year earlier.

The company, one of the largest Italian paper groups, also reported turnover rose to L200.7bn in the six months from L156.7bn the previous year.

Meanwhile, Mondadori, the publishing house, announced its first-half turnover rose 21.9 per cent to L169.6bn ($197m).

AP-DJ

Doubled interim profit at PLM despite Swedish labour troubles

BY WESTERLY CHRISTNER IN STOCKHOLM

DESPITE the Swedish labour disputes in May, PLM, the jackaging, consumer goods and waste treatment group, reports a pre-tax profit of Skr 59m ($14m) for the first eight months of this year, more than double the SKr 24.2m registered during the corresponding period in 1979. Group turnover rose by 15 per cent to SKr 1.5bn ($360.5m).

For 1980 as a whole, Mr. Ulf Laurin, the managing director, predicts a profit of SKr 85m to SKr 90m, compared with 1979's SKr 51m. In 1979 PLM had sales of SKr 2.1bn.

The latest forecast is in line with earlier ones given this year by Mr. Laurin, with much of the improvement attributed to increased trading in consumer packaging and a strong comeback for the glass-making operation, PLM Euroglas. The 15 per cent sales increase recorded for the eight months was largely attributed to product price increases. During the eight months, Euroglas registered an operating profit of SKr 21.6m, against SKr 1.6m.

The largest unit, PLM PAC, reported an operating profit of SKr 50m compared with SKr 31m. Sales rose by 12 per cent.

Over the first four months of this year, PLM reported pre-tax profits of SKr 16.5m on sales of SKr 737m. The May labour strikes had some effect on its packaging and paper divisions, but nonetheless profits for the second four month period have risen to SKr 42.5m.

PLM Papper, the paper division, however, had an "unsatisfactory" profit for the eight months, with operating earnings of SKr 600,000 against a loss of SKr 300,000. "The work to increase the effectiveness of this activity, though, has produced results," it was stated.

Group investments during the eight months reached SKr 145m compared with SKr 54m. Cash reserves were reduced to SKr 91m from SKr 166m.

PLM has recently sold Svedabox, a Danish company, which was a division of PLM Papper, as well as Iwema, of Gothenburg.

Mounting loss at Svenskt Stal

BY WILLIAM DULLFORCE, NORDIC EDITOR IN STOCKHOLM

SVENSKT STAL (SSAB), the Swedish steel company in which the State has a half share, has been severely hit by the decline in steel demand and prices and will make a considerably larger loss than previously expected.

Instead of being able to reduce last year's pre-tax loss of Skr 410m ($98.8m), SSAB now expects to post a loss of between Skr 450m and Skr 500m for 1980, the company confirmed yesterday. Turnover last year was a little more than Skr 4bn.

The decline in the steel market has been compounded by SSAB's simultaneous investment in new production lines under the restructuring programme which was planned to return the company to profit in 1982. Financial costs have been heavier than budgeted.

The SSAB board has already informed the Minister of Industry that it may have to call on extra public funds allocated by Parliament to enable it to maintain employment.

The State has so far committed around Skr 4bn to the reorganisation of the company, formed in 1978 from the merger of the state steel company with the steel operations of Stora Kopparberg and Gränges.

Among the measures being studied by the Board, it is understood, are a reduction in the number of shifts worked at the heavy plate plant in Oxelösund and a cut in the mining operations.

ABN in venture capital move

BY CHARLES BATCHELOR IN AMSTERDAM

A SECOND Dutch bank plans to set up a venture capital company following the relaxation of central bank controls on banks' investments in industry.

Algemene Bank Nederland will form the new company with an initial capital of Fl 30m ($15m). It will provide funds to strengthen the asset position or to fund the expansion of medium and small companies, ABN said.

The bank expects the companies into which it puts money will offer the prospect of a "reasonable return within the foreseeable future" in relation to risks, the period of investment and profit outlook. ABN's venture capital company will either take Ordinary or Preference shares or provide subordinated loans.

ABN will take up at least 5 per cent of a company's capital through the new venture and is limited to 49 per cent by the central bank. It does not wish to become too closely identified with management.

The bank is prepared to allow other banks or venture capital companies to take stakes in companies which it supports and is also ready to allow outside shareholders in the venture capital company itself.

Last month the central bank scrapped regulations limiting banks to a 5 per cent holding in companies. It still insists they remain minority shareholders but will let them put up to Fl 2.5m into any company for five years providing they do not commit more than a few percentage points of their own assets.

Nederlandsche Middenstands Bank recently set up a venture capital company with Fl 20m of capital of which half has been paid up.

The central bank remains determined to restrict the banking system's influence on business and to limit their risks. But the decline in most companies' capital ratios in recent years has forced an easing of these regulations.

● Daf Trucks, the Dutch commercial vehicle maker, intends to introduce short time working for 12 days in the New Year because of disappointing sales. Two thousand workers at its Eindhoven plant will work a three day week for the first six weeks of 1981 reducing production by about 720 trucks, or 5 per cent of annual production.

The company has already announced plans for a shutdown of effectively five working days over Christmas.

● The European Options Exchange said its turnover rose to 46,084 contracts in September from 41,685 in August. In September last year turnover was 49,779. Average turnover per trading day was 2,095 contracts compared with 1,985 in August and 2,489 in September 1979.

Dutch options accounted for 28,024 call contracts and 14,249 puts, with U.S. options reaching a turnover of 2,917 calls and 313 puts, followed by 473 West German call option contracts.

Trade Development heads Swiss banking league

BY JOHN WICKS IN ZURICH

THE GENEVA-BASED Trade Development Bank is currently the biggest foreign-owned Swiss banking operation, according to figures released by the Association of Foreign Banks in Switzerland.

The bank, a subsidiary of the Middle Eastern-controlled Trade Development Bank Holding, showed a balance-sheet total of SwFr 3.53bn ($2.15bn) at the end of last year. This put it ahead of Banque de Paris et des Pays-Bas (Suisse) with SwFr 2.73bn ($1.66bn) and the Italian-controlled Banca del Gottardo, with SwFr 2.42bn.

The survey, which has been prepared by Banca del Gottardo and is published for the first time, shows leading British interests in Swiss banking as Handelsbank, a Zurich affiliate of National Westminster with a balance sheet totalling SwFr 1.6bn, and Lloyds Bank International, with a balance sheet at the end of last September totalling SwFr 1.27bn.

The most profitable foreign banks (in terms of absolute returns) last year were the Paribas subsidiary, with net earnings of SwFr 31.4m, Trade Development Bank, with SwFr 24.2m, and the internationally-owned United Overseas Bank, with SwFr 22.2m.

Switzerland's Russian-owned bank, the Zurich-based Wozchod Handelsbank, last year showed a balance-sheet total of SwFr 795.3m and net profits of SwFr 7.8m.

Sharp rise for UIC

UNITED Industrial Corporation (UIC), the chemical and property group, has chalked up a 49 per cent rise in group pre-tax profits to S$11.4m (US$5.4m) for the year ended July, 1980, Georgie Lee writes from Singapore.

Stiffer terms for Philippines Euroloan

By Peter Montagnon

THE CENTRAL BANK of the Philippines has awarded a mandate for a $100m credit to a group of banks led by First Chicago Asia Merchant Bank. As expected the terms are stiffer than those on the Bank's other Euromarket borrowings.

The borrower will pay a flat margin of ⅞ per cent over London inter-bank rates throughout the credit's eight year life. This compares with a margin of ⅝ per cent for eight years agreed on a $100m borrowing in August.

The upward movement in spreads for the Philippines underlines the growing caution of banks towards lending to heavily borrowed developing countries in the Euromarkets. Conversely, spreads for highly rated industrial country borrowers remain under downward pressure, so that pricing of new loans increasingly reflects divergent assessment of risks.

First Chicago will act as agent for the new credit, while other banks in the lead management group are the Industrial Bank of Japan, Uban-Arab Japanese Finance, United California Bank, West LB Asia and CCIC Finance.

White Industries upvalues Ulan stake by A$114m

BY JAMES FORTH IN SYDNEY

WHITE INDUSTRIES, the New South Wales coal group, has revalued its 60 per cent investment in the Ulan coal project from A$300,000 to A$114.8m (U.S.$135m).

The massive revaluation follows a seven-month struggle between a group led by Mr. Alan Bond, a local businessman and the White camp—including the White family and the Japanese group, Mitsubishi Development—with Ulan the major prize. The struggle finally ended for White when the Bond interests agreed, after talks with the White camp, to sell.

Two days ago the group lifted the valuation of its 50 per cent interest in the copper group Mareeba Mining by A$9.8m. The end result is an increase in the asset backing from A$2.79 a share to A$15.07. Following the asset revaluations White Industries has declared a one-for-one free scrip issue. White bought the Ulan coal deposit in 1975 for A$436,000.

The company has also declared a jump in earnings for the year to June from A$1m to A$3.4m. Earnings a share rose from 15 cents to 34.6 cents but the dividend is held at 7 cents.

First-half earnings advance at Jusco

By Yoko Shibata in Tokyo

JUSCO, Japan's leading supermarket chainstore operator, has reported a steady [illegible] improvement in the half year to August 31. Jusco's [illegible] operating profits rose by [illegible] per cent, to Y5.76bn ([illegible]), and net profits by 7.5 per cent to Y3.4bn.

Sales of clothing and summer goods, such as air conditioners and refrigerators, were hit by the cold summer weather. Total sales fell short of the original target by Y8bn, standing at Y259.83bn, up 11.3 per cent.

In the present fiscal half-year, ending February, the company plans to open nine new shops (three in the first half) with a total capital outlay of Y20bn. Of the total capital outlay, some Y10bn is to be raised by the issue of Y5bn of yen-denominated convertible debentures in Kuwait and of Y5.1bn of sterling convertible debentures in the UK.

For the current full fiscal year, Jusco's operating profits are forecast to be Y14.0bn, up 14.9 per cent. Net profits are expected to reach Y8.2bn, up 11.2 per cent, on sales of Y550bn, up 9.5 per cent.

Pioneer Concrete Services ahead

BY OUR SYDNEY CORRESPONDENT

PIONEER Concrete Services, the international building products group, lifted its profit by 31 per cent, from A$23.9m to A$31.2m (US$36.7m) in the year to June. The strongest gain came from the group's Australian operations, with a more moderate, but satisfactory, increase in profits from overseas operations.

The dividend is held at 10 cents a share and is covered by earnings of 27.5 cents. Group turnover also rose 31 per cent, from A$447m to A$583m (US$686m).

The results from the 10 countries in which Pioneer operates were mixed, the directors said, reflecting widely varying economic circumstances around the world. Even in Australia, the results were mixed on a state-by-state basis. The best results were in Queensland and New South Wales, where the building and construction industry moved ahead strongly. The most disappointing state was Victoria. The overseas subsidiaries recorded a 27 per cent increase in profitability with Hong Kong leading the way.

Operations in the UK and Israel also recorded further growth, while improved operations in West Germany and Italy also aided the result, which came with a jump in investment and other income from A$5.8m to A$8.9m. This reflects largely dividends from Ampol Petroleum, in which Pioneer acquired a 20 per cent stake in the year.

Hong Kong reviews banking law

BY PHILIP BOWRING IN HONG KONG

THE HONG KONG Government is considering major changes to laws governing banks and deposit-taking companies (DTCs). A number of issues are involved; principally the question of how, if at all, money supply growth should be influenced. The extent to which deposit-taking companies should be restrained legally from competing directly with licensed banks is also covered, as is the tightening and updating of rules relating to the prudential supervision of banks and DTCs. The issues are important from the point of view of the stability of Hong Kong's financial system and currency, and also for the scores of foreign banks and allied DTCs which conduct international banking business from Hong Kong.

However, there is worry, particularly among some DTCs, that changes in the law are being formed in excessive secrecy. The concern is concentrated on an internal discussion paper drawn up by the Government, parts of which have become known. The paper took the standpoint that the DTCs were in effect engaging in most retail banking business, and asked whether Hong Kong needed some 300 quasi-banks in addition to the 115 licensed banks.

It recommended increased prudential supervision of DTCs, to protect depositors and Hong Kong's name as a financial centre. It also suggested that the DTCs should not be allowed to accept deposits of less than three months maturity. This would reduce the competition faced by banks—which have been complaining privately to the Government about "unfair" competition.

Deposit-taking companies — other than those which are subsidiaries of banks — fear that legislation to clip their wings will rest on the grounds that they have been the leading factor in increasing domestic credit by 50 per cent in the past year, a rate of increase generally regarded as dangerous. The Government's pleas to financial institutions to cool lending have been ignored, and DTCs fear that they may bear the brunt of Government action.

It is pointed out that 70 per cent of DTC deposits are accounted for by houses which are subsidiaries of licensed banks. Several banks use their premises to solicit and collect deposits for their DTCs. The non-bank DTCs argue that their only real impact has been to narrow spreads, and that, given the profitability of banking in Hong Kong, this is a desirable effect.

Perhaps the biggest problem that the Government faces in legislating for DTCs is that they cover a multitude of activities. A few may come close to carrying on retail banking, but these are a small minority, mostly linked to licensed banks. Many are almost dormant, others are in-house financing vehicles which have no dealings with the public. Others are offshoots of international banks and are used as conduits for offshore lending activity. Some of these international banks have branches in Hong Kong. Others do not.

The government needs to beware that DTC legislation does not drive away international banking business. At the same time there is a danger that in the face of restrictive legislation the wholesale Hong Kong business of the DTCs (which is a far greater threat to banks' profits than the retail business) would simply move offshore. Already both banks and DTCs, for tax avoidance purposes, channel a lot of business through subsidiaries — which are theoretically located in tax havens such as Vilaor in the Philippines, but for which all the books and administration are in Hong Kong.

The tax position of banks and DTCs in relation to Hong Kong's 15 per cent interest tax is, anyway, extremely murky. A recent Inland Revenue department ruling that U.S. dollar certificates of deposit issued by bank branches in Hong Kong were not liable to interest tax has cut a gaping hole in Hong Kong's already tattered tax net.

There are questions as to whether the liquidity requirements should be tightened up, and if so, whether this can be done without damaging Hong Kong's role as an international financial centre. Meanwhile, the Government continues to reject the idea of issuing its own paper as a way of influencing money supply growth. Instead, it has been trying to use the interest rate weapon through moral suasion aimed at the banks. But it has found that interest rates themselves are a blunt weapon, and moral suasion even blunter.

Debate on these issues is at an early stage. More advanced are improvements to both bank and DTC legislation which among other things will raise minimum capital requirements and require consolidation of accounts for supervisory purposes. Legislation on these is likely in the next few months.

Rights issue boosts Bank Buruh

By Wong Sulong in Kuala Lumpur

BANK BURUH, the Malaysian trade union operated bank, has received acceptances amounting to 2.8m ringgit (US$1.32m) from its recent one-for-one rights issue, Mr. P. P. Narayanan, the bank's chairman disclosed at the annual meeting.

He said this represented 28 per cent acceptance of the rights offer. The remainder of the issue, amounting to 8.2m ringgit, would be allocated later.

Mr. Narayanan, who is also the president of the Malaysian Trade Unions Congress, said the money raised was just sufficient for Bank Buruh to comply with the Banking Act which stipulates that a commercial bank must maintain at least 2m ringgit in unimpaired capital to operate.

The bank's shareholders, who are unions affiliated to the MTUC, approved an amendment to the Bank Buruh's Articles of Association allowing non-union corporations to take up equity in the bank.

Mr. Narayanan said this would allow the bank to seek new capital outside the trade union movement, but added that it was intended to retain at least 75 per cent of the bank's equity with the unions.

Companies and Markets

CURRENCIES, MONEY and GOLD

Yen firm

The Japanese yen rose to its highest level for over 18 months against the U.S. dollar in currency markets yesterday, as the impact of the latest Middle East crisis tended to fade a little, and Japan's fundamental economic strength was projected more as a bullish factor. The U.S. dollar closed at Y208.00, its worst level since March, 1979, and compared with Y206.50 on Wednesday. On Bank of England figures, the yen's trade-weighted index rose from 137.0 to 137.5.

Elsewhere the dollar showed a firmer tendency after the latest increase in U.S. prime rates to 14 per cent, and finished close to its best level of the day. Against the D-mark it closed at DM 1.8120 compared with DM 1.8080, and SwFr 1.6450 from SwFr 1.6430 in terms of the Swiss franc. The dollar's index was held down to some extent by its poor performance against the yen, and finished unchanged at 83.5.

Sterling was slightly weaker overall, while trading in a fairly narrow range. Its index eased to 75.7, a level held all day, from 75.8. Against the dollar it opened at $2.3900 and eased to $2.3840 before coming back to $2.3875 around noon. During the afternoon it drifted in featureless trading to $2.3850, but recovered to close at $2.3865-2.3875, a fall of 40 points from Wednesday.

D-MARK—One of the weaker members of the European Monetary System, and weaker against the dollar on higher U.S. interest rates. The D-mark is close to a four month low against the dollar and a four-year low against sterling — The dollar showed a slightly firmer tendency at yesterday's fixing in Frankfurt, rising to DM1.8074 from DM1.8055 at Wednesday's fixing. There was no intervention by the Bundesbank. Trading was quiet, with the D-mark showing no reaction to the Bundesbank's decision to leave credit policies unchanged, after yesterday's central council meeting. No changes were expected in view of the proximity of the General Election. However, a smaller than expected fall in the number of unemployed in September did depress the D-mark a little. Against its EMS partners the D-mark was weaker overall, with the French franc rising to DM43.11 per FFr 100 from DM 43.095, and the Danish krone higher at DM32.41 per DKr 100 against DM32.38. Elsewhere sterling fell to DM4.3190 from DM4.3210, while the Swiss franc improved to DM1.1015 compared with DM1.0981 previously.

BELGIAN FRANC—Remaining weak within the EMS, despite central bank support, and depressed recently by higher oil prices and Middle East unrest—The Belgian franc was mostly weaker at yesterday's fixing in Brussels, with the U.S. dollar rising to BFr 28.96 from BFr 28.8875, and sterling to BFr 69.2025 from BFr 69.175. Within the EMS, the D-mark was higher at BFr 16.0315 compared with BFr 16.0130 at Wednesday's fixing, and the French franc rose to BFr 6.91125 from BFr 6.904.

JAPANESE YEN—Still firmer than a month ago, having been helped by the past weakness of the dollar, and a fundamental improvement in the Japanese economy. More recently fears over a disruption in oil supplies from the Middle East, and a firmer trend in U.S. interest rates, have failed to check the yen's rise.—The yen continued to improve in Tokyo yesterday, with the U.S. dollar falling to Y208.20 at the close, compared with Wednesday's final figure of Y209.20. It opened at Y207.50 and attracted small scale support from the Bank of Japan in heavy trading. Import and export covering tended to balance out each other, and the dollar may have improved from its low opening level on bank short covering operations.

THE POUND SPOT AND FORWARD

Oct. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3830-2.3910	2.3865-2.3875	0.62-0.52c pm	2.88	1.10-1.00 pm	1.76
Canada	2.7920-2.8030	2.7970-2.7980	1.40-1.30c pm	5.79	2.67-2.57 pm	3.75
Nethlnd.	*4.67-4.71*	*4.69¾-4.70¾*	*2⅞-1⅞c pm*	*6.07*	*8½-6½ pm*	*5.11*
Belgium	69.00-69.45	69.30-69.40	27-17c pm	3.81	52-42 pm	2.71
Denmark	13.29-13.35	13.33¾-13.34¾	1-2½ore dis	−1.57	4¾-5¾ dis	−1.42
Ireland	1.1470-1.1520	1.1506-1.1515	0.22-0.13p pm	1.82	0.48-0.39 pm	1.51
W. Ger.	*4.30½-4.34*	*4.32¼-4.33¼*	*3⅛-2⅞pf pm*	*7.82*	*7⅞-6⅞ pm*	*6.58*
Portugal	119.30-119.80	119.45-119.65	5-45c dis	−2.51	30-130 dis	−2.68
Spain	176.15-176.45	176.35-176.45	85-140c dis	−7.65	325-405 dis	−8.28
Italy	2050-2057	2055½-2056½	12-15lire dis	−7.88	48-51 dis	−9.63
Norway	11.58-11.63	11.61-11.62	4¾-3¾ore pm	4.00	10⅞-9⅞ pm	3.49
France	9.99-10.04	10.02½-10.03½	4-3c pm	4.19	8-7 pm	2.99
Sweden	9.90½-9.95½	9.93¾-9.94¾	½ore pm-¼ dis	0.15	⅞-1½ dis	−0.48
Japan	492-502	496-497	2.20-1.85y pm	4.89	5.05-4.70 pm	3.93
Austria	30.50-30.65	30.57-30.62	13-10gro pm	4.51	27-22 pm	3.20
Switz.	3.90-3.94¾	3.92½-3.93½	4⅞-3⅞c pm	11.07	9¾-8¾ pm	9.41

Belgian rate is for convertible francs. Financial franc 69.50-69.60. Six-month forward dollar 1.20-1.10c pm. 12-month 1.25-1.10c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3830-2.3910	2.3865-2.3875	0.62-0.52c pm	2.86	1.10-1.00 pm	1.76
Ireland†	2.0725-2.0780	2.0725-2.0745	0.20-0.10c pm	0.87	0.13-0.03 pm	0.15
Canada	1.1712-1.1736	1.1720-1.1723	0.21-0.16c pm	1.89	0.54-0.49 pm	1.76
Nethlnd.	1.9615-1.9670	1.9660-1.9670	0.58-0.48c pm	3.23	1.63-1.53 pm	3.21
Belgium	*28.94½-29.06*	*29.04-29.06*	*3½-2c pm*	*1.14*	*9-6 pm*	*1.03*
Denmark	5.5760-5.5900	5.5885-5.5900	1.65-2.15ore dis	−4.08	4.25-4.75dis	−3.22
W. Ger.	1.8040-1.8130	1.8115-1.8125	0.71-0.67pf pm	4.60	2.24-2.19 pm	4.89
Portugal	50.02-50.28	50.18-50.28	15-30c dis	−5.37	35-75 dis	−4.38
Spain	*73.85-74.00*	*73.85-73.90*	*55-70c dis*	*−10.15*	*170-200dis*	*−10.02*
Italy	860.45-861.50	861.00-861.50	7-8lire dis	−10.45	24-26 dis	−11.61
Norway	4.8608-4.8660	4.8645-4.8655	0.90-0.40ore pm	1.60	2.10-1.60 pm	1.52
France	4.1880-4.2035	4.2020-4.2035	0.47-0.37c pm	1.20	1.30-1.15 pm	1.17
Sweden	*4.1550-4.1655*	*4.1640-4.1655*	*1.00-1.15ore dis*	*−3.10*	*2.40-2.55dis*	*−2.38*
Japan	206.50-208.50	207.95-208.05	0.30-0.15y pm	1.30	0.85-0.70 pm	1.49
Austria	12.78½-12.82¾	12.81¾-12.82¾	1.70-1.10gro pm	1.31	4.50-2.75 pm	1.13
Switz.	1.6345-1.6470	1.6445-1.6455	1.25-1.20c pm	8.94	3.30-3.25 pm	7.96

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.7	−29.9
U.S. dollar	83.5	−9.9
Canadian dollar	80.0	−17.6
Austrian schilling	154.6	+24.2
Belgian franc	114.4	+13.0
Danish kroner	105.9	−5.1
Deutsche mark	152.7	+42.6
Swiss franc	197.1	+80.5
Guilder	125.7	+19.9
French franc	100.3	−5.2
Lira	*59.1*	*−51.9*
Yen	137.5	+35.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.550865	0.587199
U.S. $	11	1.31519	1.40546
Canadian $	11.20	1.53969	1.64214
Austria Sch	6¾	16.8147	17.9407
Belgium F	12	37.9926	40.5782
Danish K	12	7.33647	7.82280
D'mark	7½	2.37458	2.53405
Guilder	8½	2.57646	2.75049
French Fr	9½	5.50310	5.87764
Lira	16½	1130.41	1207.64
Yen	8.25	275.532	291.985
Norwgn. Kr.	9	6.39051	6.82633
Spanish Pts.	8	97.1873	103.786
Swedish Kr.	10	5.46659	5.83759
Swiss Fr.	*5*	*2.16285*	*2.30257*

OTHER CURRENCIES

Oct. 2	£	$		£ Note Rates
Argentina Peso	4601-4621	1930-1937	Austria	30.40-30.70
Australia Dollar	2.0295-2.0335	0.8510-0.8515	Belgium	68.75-69.40
Brazil Cruzeiro	*135.61-137.61*	*57.39-57.59*	Denmark	13.27-13.37
Finland Markka	8.74½-8.75	3.6600-3.6610	France	9.95-10.04
Greek Drachma	102.025-104.489	42.75-42.90	Germany	4.30-4.34
Hong Kong Dollar	11.88½-11.90	4.9860-4.9880	Italy	2050-2150
Iran Rial	*n.a.*	*n.a.*	Japan	496-501
Kuwait Dinar(KD)	0.634-0.640	0.2673-0.2674	Netherlands	4.67-4.71
Luxembourg Frc.	69.30-69.40	29.04-29.06	Norway	11.60-11.70
Malaysia Dollar	5.0635-5.0745	2.1245-2.1265	Portugal	117½-127½
New Zealand Dlr.	*2.4270-2.4320*	*1.0180-1.0190*	Spain	171-181
Saudi Arab. Riyal	7.89-7.95	3.3190-3.3205	Sweden	9.92-10.02
Singapore Dollar	5.0025-5.0135	2.0990-2.1010	Switzerland	3.90-3.93
Sth. African Rand	1.7950-1.7975	0.7520-0.7530	United States	2.38½-2.39½
U.A.E. Dirham	8.77-8.83	3.6885-3.6900	Yugoslavia	72-74

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6184	+2.08	+0.78	±1.53
Danish Krone	7.72336	7.82374	+1.30	—	±1.64
German D-Mark	2.48208	2.53381	+2.08	+0.78	±1.125
French Franc	5.84700	5.87621	+0.50	−0.80	±1.3557
Dutch Guilder	2.74362	2.75274	+0.33	−0.97	±1.512
Irish Punt	0.668201	0.674820	+0.99	−0.31	±1.668
Italian Lira	1157.79	1206.43	+4.20	+2.95	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.387	4.328	496.5	10.03	3.930	4.698	2056.	2.798	69.35
U.S. Dollar	0.419	1.	1.813	208.0	4.202	1.646	1.968	861.3	1.172	29.05
Deutschemark	0.231	0.552	1.	114.7	2.318	0.908	1.086	475.1	0.646	16.03
Japanese Yen 1,000	2.014	4.808	8.716	1000.	20.20	7.915	9.461	4141.	5.634	139.7
French Franc 10	0.997	2.380	4.315	495.0	10	3.918	4.683	2050.	2.789	69.14
Swiss Franc	0.254	0.607	1.101	126.3	2.552	1.	1.195	523.2	0.712	17.65
Dutch Guilder	0.213	0.508	0.921	105.7	2.135	0.837	1.	437.7	0.596	14.76
Italian Lira, 1,000	0.486	1.161	2.105	241.5	4.878	1.911	2.285	1000.	1.361	33.73
Canadian Dollar	0.357	0.853	1.547	177.5	3.585	1.405	1.679	734.9	1.	24.79
Belgian Franc 100	1.442	3.442	6.240	715.9	14.46	5.667	6.774	2965.	4.034	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 2)

3 months U.S. dollars		6 months U.S. dollars	
13 $\frac{7}{16}$	13 $\frac{9}{16}$	bid 13 $\frac{7}{16}$	offer 13 $\frac{9}{16}$

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 2	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16⅛-16¼	12⅞-13⅛	9½-10½	9⅜-9½	⅞-1⅛	8 11/16-8¾	11½-11¾	14-17	37-37⅛	10-10½
7 days' notice	16⅛-16¼	13-13¼	9½-10½	9½-9 11/16	2-2¼	8 11/16-8 13/16	11⅞-12⅛	19¼-21¾	12¾-12⅞	10⅜-10⅝
Month	16⅛-16¼	13-13¼	10⅝-10¾	9¾-10	4 11/16-4 13/16	8 11/16-8 13/16	12⅛-12⅜	23½-25	13-13⅛	10⅞-11⅛
Three months	15⅝-15¾	13½-13¾	11¼-11⅝	10-10¼	5 7/16-5 11/16	8¾-8 15/16	12⅜-12⅝	25½-26½	13⅜-13½	11-11¼
Six months	14¾-15	13⅜-13⅞	12-12⅜	10⅛-10 5/16	5⅝-5¾	8 9/16-8¾	12⅞-13⅛	26¾-26¾	13 7/16-13 9/16	10¾-11
One Year	14 1/16-14¼	13¼-13½	12⅜-12¾	10⅛-10 7/16	5½-5⅝	8 7/16-8⅝	13-13⅛	24½-25½	13 9/16-13 11/16	10-10¼

Long-term Eurodollar two years 13½-13¾ per cent: three years 13½-13¾ per cent: four years 13½-13¾ per cent: five years 13½-13¾ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. *The following nominal rates were quoted for London dollar certificates of deposit:* one-month 13.10-13.20 per cent; three-months 13.30-13.40 per cent; six-months 13.35-13.45 per cent; one-year 13.20-13.30 per cent.

INTERNATIONAL MONEY MARKETS

Dutch rates firm

Interbank money rates were slightly higher in Amsterdam yesterday, and conditions are expected to tighten further in the coming weeks. Rates have been generally firmer throughout Europe recently, and Dutch rates have followed the trend. There is also payment due later this month of annual corporate tax payments, which should take call money above the rate charged on the central bank's latest special loan facility, of 9.625 per cent, around which level call money is trading at the moment. However given the current strength of the Dutch guilder—currently the most improved currency within the European Monetary System—market sources suggested it was likely that the authorities would inject liquidity into the market by buying foreign currency on the foreign exchange market.

In Zurich domestic money rates continued to show an easier tendency as the Swiss Central Bank took steps to increase liquidity levels. With the performance of the Swiss franc largely dependant on interest rate levels, the authorities appear to be unwilling at the moment to see the franc appreciate too much. While short-term rates remain soft, longer term rates have shown a slightly firmer tendency, reflecting the heavy drain on market liquidity expected at the end of October and November. However dealers feel confident that the authorities will react to maturing swap facilities by injecting further funds into the system.

MONEY RATES

NEW YORK	
Prime Rate	13½-14
Fed. Funds	13¼-13¾
Treasury Bills (13-week)	11.70
Treasury Bills (26-week)	11.68
GERMANY	
Discount Rate	7.50
Overnight Rate	9.00
One month	9.125
Three months	8.125
Six months	8.975
FRANCE	
Discount Rate	9.5
Overnight Rate	11.50
One month	11.8125
Three months	12.0625
Six months	12.3125
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.375
Bills Discount (three-month)	11.40625

UK MONEY MARKET

Free supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day to day credit remained in good supply in the London money market yesterday, and the Bank of England did not intervene. The market was faced with a moderate excess of revenue transfers to the Exchequer over Government disbursements, but this was offset by bank balances brought forward a moderate way above target. Discount houses were paying around 15¼ per cent for secured call loans at the start, with later balances taken between 15 per cent and 15½ per cent. In the interbank market, overnight loans opened at 15¾-16 per cent and traded around that level until mid afternoon, when rates eased off to 14 per cent.

GOLD

Sharp fall

Gold fell by $10 an ounce in the London bullion market yesterday to $669-672. This is lower than the level seen just prior to the latest conflict between Iran and Iraq. The latest increase in U.S. prime rates to 14 per cent was seen as one of the major factors behind gold's decline, and the downward trend was accelerated after New York entered the market with stop loss selling. The metal was also depressed by indications that Saudi Arabia is to increase its oil production. At one point the metal touched a low of $660-662, but recovered towards the close, as the reaction to the prime rate increase may have been a little overdone.

In Paris the 12½ kilo bar was fixed at FFr 98,800 per kilo ($673.70 per ounce) compared with FFr 91,000 ($675.30) in the morning and FFr 91,900 ($683.25) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 39,350 per kilo ($676.89 per ounce) against DM 39,710 ($683.50) previously, and closed at $669-672 compared with $681-683.

	Oct. 2		Oct. 1	
Gold Bullion (fine ounce)				
Close	$669-672	(£280¼-281½)	$671-682	(£284-285¼)
Opening	$678-681	(£284-285¼)	$678-681	(£284¼-285½)
Morning fixing	$675.75	(£283.179)	$679.25	(£284.443)
Afternoon fixing	$665.75	(£278.930)	$682	(£285.391)
Gold Coins				
Krugerrand	$689-691	(£288½-290½)	$699-701	(£292-294)
1/2 Krugerrand	$350-355	(£146-149)	$357-362	(£149-152)
1/4 Krugerrand	$178-182	(£74½-76½)	$180¾-184¾	(£75½-78)
1/10 Krugerrand	$72-75	(£30-32)	$73¼-76¼	(£30½-32½)
Mapleleaf	$683-687	(£286-288)	$694-697	(£290-293)
New Sovereigns	$169½-170½	(£71-72)	$172-173	(£71¾-72¾)
King Sovs.	$192-194	(£80½-82)	$194¼-196½	(£81-82½)
Victoria Sovs.	$192-194	(£80½-82)	$194½-196½	(£81-82½)
French 20s	$168-171		$168-169	
50 pesos Mexico	$824-828		$845-848	
100 Cor. Austria	$650-654		$664-668	
$20 Eagles	$779-782		$785-789	

LONDON MONEY RATES

Oct. 2 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ‡	Eligible Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	14-16	—	—	—	15¾-16¼	15-15½	—	—	—
2 days notice	—	—	16⅛-16¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16-18⅛	16¼-16⅜	—	16⅜	16½	15¼-15⅜	—	—	—
One month	16 1/16-16	16⅛-16⅜	16⅛-16¼	17-17⅜	16⅜	16⅛-16⅝	15⅝	14 13/32	16-16 1/16	16¾
Two months	16-15⅞	15½-16 1/16	—	16-16⅛	16 3/16	—	14¾-14⅞	14 13/32	15⅝	16¼
Three months	15¾-16½	15⅝-15¾	15¾	16⅞-16⅛	16	16⅛-16¼	14¼-14½	14 11/32-14⅜	15-15 1/16	15⅞
Six months	14¾-14⅝	14 13/16-14 11/16	14⅞-15	14⅛-14⅞	14¼	15¼	—	—	13 15/16-13 13/16	14½
Nine months	14 1/16-13 15/16	14⅛-14¼	—	14⅝-14⅜	14⅛	15	—	—	—	—
One Year	13⅝-13⅛	13⅞-14	13⅞-14⅛	14-14¼	14⅛	14¾	—	—	—	—
Two years	—	—	13⅝-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13½-13¾ per cent. ‡ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝-14⅝ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14 25/32-14 11/32 per cent; two-months 14 13/32-14 11/32 per cent; three-months 14 7/32-14⅜ per cent. Approximate selling rate for one-month bank bills 15 23/32-15 25/32 per cent; two-months 15½ per cent; three-months 14⅞-15 per cent; one-month trade bills 16¼ per cent; two-months 16 per cent and three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.3317 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 1, 1980. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.202
Algeria	Dinar	3.8525
Andorra	French Franc	4.1815
	Spanish Peseta	73.505
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1916.50
Australia	Australian $	0.8562
Austria	Schilling	12.73
Azores	Portug. Escudo	50.03
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	73.505
Bangladesh	Taka	14.8065
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.857
	B. Franc (F)	29.05
Belize	*Belize $*	*2.00*
Benin	C.F.A. Franc	209.075
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	*Bolivian Peso*	*25.00*
Botswana	Pula	0.7701
Brazil	Cruzeiro	57.49
Brit. Virgin Isles	U.S. $	1.00
Brunei	*Brunei $*	*2.115*
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	209.075
Canada	Canadian $	1.1659
Canary Islands	Spanish Peseta	73.505
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	*Cay. Is. $*	*0.835*
Cent. Af. Rep.	C.F.A. Franc	209.075
Chad	C.F.A. Franc	209.075
Chile	Chilean Peso (O)	39.00
China	*Renminbi Yuan*	*1.4907*
Colombia	Col. Peso (O)	48.58
Comoros Islands	C.F.A. Franc	209.075
Congo (Brazzaville)	C.F.A. Franc	209.075
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3515
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.3844
Denmark	Danish Krone	5.585
Djibouti Rp. of	Djibouti Franc	172.658
Dominica	E. Caribbean $	2.7025
Dominican Repub.	*Domin'cn Peso*	*1.00*
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	73.505
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.585
Falkland Islands	Falkland Is. £*	2.4036
Fiji Islands	Fiji $	0.7986
Finland	Markka	3.6565
France	French Franc	4.1815
French C'ty in Af.	C.F.A. Franc	209.075
French Guiana	Local Franc	4.1815
French Pacific Is.	C.F.P. Franc	72.8074
Gabon	C.F.A. Franc	209.075
Gambia	Dalasi	1.6542
Germany (East)	Ostmark (O)	1.8015
Germany (West)	Deutschemark	1.8015
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4036
Gilbert Is.	Kiribati	0.8562
Greece	Drachma	43.025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.685
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1815
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.4346
Guinea Republic	Syli	18.7577
Guyana	Guyanese $	2.5499
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9805
Hungary	Forint (O)	32.6022
Iceland	*I. Krona*	*512.50*
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	*Iraq Dinar*	*0.2958*
Irish Republic	Irish Punt*	2.088
Israel	Israeli Pound (4)	56.115
Italy	Lira	855.75
Ivory Coast	C.F.A. Franc	209.075
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	216.05
Jordan	Jordan Dinar	0.2926
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3404
Korea (Nth)	Won	0.94
Korea (Sth)	*Won*	*622.10*
Kuwait	Kuwait Dinar	0.2681
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	*Lebanese Pound*	*3.4437*
Lesotho	Loti	0.7532
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	*Swiss Franc*	*1.649*
Luxembourg	Lux Franc	28.857
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	209.075
Madeira	Portuguese Escudo	50.03
Malawi	Kwacha	0.7981
Malaysia	Ringgit	2.132
Maldive Islands	Mal Rupee	3.93
Mali Republic	*Mali Franc*	*416.15*
Malta	Maltese Pound	0.3387
Martinique	Local Franc	4.1815
Mauritania	Ouguiya	41.815
Mauritius	*M. Rupee*	*7.5958*
Mexico	Mexican Peso	22.99
Miquelon	French Franc	4.1815
Monaco	French Franc	4.1815
Mongolia	*Tugrik (O)*	*3.3565*
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.95
Mozambique	Moz. Escudo	28.8909
Namibia	*Rand*	*0.7532*
Nauru Is.	Aust. $	0.8562
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9575
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0204
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	209.075
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.657
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.6553
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	301.15
Philippines	Ph. Peso	7.5745
Pitcairn Islands	NZ $	1.0204
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.03
Port Timor	Timor Escudo	n.a
Puerto Rico	*U.S. $*	*1.00*
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1815
Romania	*Leu*	*4.47*
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	*Pound**	*2.4036*
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1815
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	855.75
Saudi Arabia	Saudi Riyal	3.3188
Senegal	C.F.A. Franc	209.075
Seychelles	S. Rupee	5.5459
Sierra Leone	Leone	0.8321
Singapore	Singapore $	2.115
Solomon Islands	S.I. $	0.8562
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7532
Spain	Peseta	73.505
Spanish Ports in North Africa	Sp. Peseta	73.505
Sri Lanka	*S. L. Rupee*	*16.92*
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7532
Sweden	S. Krona	4.154
Switzerland	Swiss Franc	1.649
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	209.075
Tonga Islands	*Pa'anga*	*0.8562*
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	80.00
Turks & Caicos	*U.S. $*	*1.00*
Tuvalu	Australian $	0.8562
Uganda	Ug. Shilling	7.3404
United Arab Emir.	UAE Dirham	3.6887
United Kingdom	£ Sterling*	2.4036
Upper Volta	C.F.A. Franc	209.075
Uruguay	Urug. Peso	9.38
U.S.S.R.	Rouble	0.643
V nuatu	Aust. $	0.8562
Vanuatu*	FNH (5)	67.5745
Vatican	Italian Lira	855.75
Venezuela	*Bolivar*	*4.2937*
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.55
Zaire Republic	Zaire Zaire	1.9877
Zambia	Kwacha	0.7783
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

WORLD STOCK MARKETS

Wall Street dips and rallies

AN INITIAL easier tone on Wall Street on news of a higher Prime Rate had been replaced by a firmer trend by mid-session yesterday, with Oils showing further strength.

The Dow Jones Industrial Average, off 2.90 at the 11 am calculation, was a net 0.94 higher at 938.48 at 1 pm. The NYSE All Common Index was 23 cents ahead at $73.60, after slipping to $73.31, while advances at mid-session outscored falls by a four-to-three ratio. There was a large turnover of 32.22m shares, exceeding Wednesday's 1 pm volume of 30.96m.

Citibank yesterday morning raised its Prime to 14 per cent from 13. Most of the banking industry had set a 13½ per cent rate the previous day.

Analysts said the Oil group, particularly the domestic sector, was benefiting from expectations of higher prices as a result of the Iran-Iraq war. The sector was also aided by an oil find by Exxon on the Alaska North Slope.

Exxon added ⅞ at $72¼. Among its partners in the Alaska find, Atlantic Richfield rose ¾ to $58¼. Standard Oil (Indiana) ⅞ to $71 and Union Oil of California 2⅜ to $42⅝ all in active trading.

G. D. Searle dropped 4½ to $20⅜. Food and Drug Administration scientists recommended against sales in the U.S. of Searle's low-calory sweetener, Aspartame.

General Telephone was unchanged at $25⅝ but North American Philips put on ½ to $34½. The former is to sell its consumer electronics business to Philips for undisclosed terms. Harris is selling its Quotron Systems stake in a secondary offering. Quotron rose ½ to $44¼ and Harris ¾ to $43⅜.

THE AMERICAN SE Market Value Index improved 0.95 to 339.15 at 1 p.m. Volume 3.74m shares (3.25m).

Among Domestic Oil issues, active Juniper Petroleum gained $2 to $21⅜, Patrick Petroleum $1½ to $26 and Mitchell Energy $½ to $42⅜.

Asamera Oil eased $½ to $20⅜ and Bow Valley Industries $⅜ to $19⅞, however, they have agreed to jointly develop some Indonesian properties.

Crestmont Oil lost $1 to $22⅞. An Occidental Petroleum unit is to acquire Crestmont for $24 a share. Occidental added $½ at $30½ on the New York Exchange.

Closing prices for North America were not available for this edition.

Canada

Mixed movements were recorded at midday after active dealings. The Toronto Composite Index edged up 1.8 to 2,284.9 at noon, while the Oil and Gas index added 19.9 at 4,685.8, but Golds receded 66.5 to 5,948.6 and Metals and Minerals 12.9 to 2,378.2. In *Montreal*, *Utilities* put on 1.84 to 271.40 but Banks eased 0.34 to 372.22.

Gold issues followed international prices down. Sigma Mines shed C$2 to C$50, Campbell Red Lake C$1½ to C$85 and Camflo Mines C$1¼ to C$42⅞.

Tokyo

With foreign investors apparently discouraged from further buying by the yen's sharp rise overseas the previous day, recently favoured Blue Chips, Energy issues and other Populars mainly retreated on profit-taking. However, some large-capital share and speculatives advanced.

The outcome was another mixed picture for the market in general after a sizeable but reduced turnover of 460m shares (530m). The Nikkei-Dow Jones Average eased 3.68 to 7,119.40 from Wednesday's all-time high.

Sony receded Y130 to Y3,130, Alps Electric Y30 to Y1,010, Olympus Y40 to Y1,080, Victor Y20 to Y1,940, Green Cross Y20 *to Y1,980 and Nippon Oil Y30 to* Y1,440.

Trading House Mitsui, which has invested in a joint petrochemical venture in Iran, declined Y8 to Y355 on reports that Iraqi planes bombed the complex.

On the other hand, large-capital issues such as Heavy Electricals moved ahead, with Hitachi adding Y8 at Y335, Mitsubishi Electric Y8 at Y231 and Fuji Electric Y5 to Y301.

Germany

Most shares recovered some further ground in moderate trading. Helping the market were hopes inspired by Bundesbank President Poehl that credit policy relaxation may be in sight, and also encouraging unemployment figures.

Paris

Prices were broadly higher in fairly heavy volume following the late improvement observed on Wall Street on Wednesday.

Investors were also encouraged by the cease-fire initiative put forward by Iraq, as well as by a slight downward movement of domestic interest rates.

Advances predominated in all sectors apart from Portfolios, Metals and Publishing. Gains led falls by 119-to-60 in the French section.

Oils led the advance, with Elf Aquitaine adding FFr 42 at FFr 1,225 and Esso FFr 6 at FFr 278.

Michelin rose FFr 36 to FFr 842, while in Foods, Carrefour put on FFr 15 to FFr 1,758.

Australia

Markets displayed a firmer bias, with Gold issues continuing to advance following the higher overnight international Bullion price, and some Energy shares also holding the focus of attention. The Sydney All Ordinaries index gained 3.27 to 995.37.

Among Golds, Emperor climbed 55 cents to A$5.30, Poseidon 30 cents to A$6.70 and Kitchener 40 cents to A$6.40, *while Amber Gold, after share* deals as high as A$2.05, closed a net 40 cents up at A$1.90. In the background were reports of a very rich gold find near Leonora, in Western Australia.

Pancontinental Petroleum, a spin-off from Pancontinental Mining, up 40 cents at A$8.50, made its debut yesterday, and the shares, marketed at 25 cents, were traded up to 52 cents. The 1 cent Options went as high as 35 cents. There were heavy dealings in both classes of stock.

News of plans to build Australia's first oil-from-coal liquefaction plant in Queensland saw major participant Peko-Wallsend rise 30 cents to A$11.80.

Woodside Petroleum added 2 cents at A$3.27 after announcing that it had secured a U.S.$1.3bn loan for the financing of the North West Shelf gas project. Cooper Basin oil discovered Santos put on 10 cents to A$14.90, while eslewhere in Oils, Bridge moved up 15 cents to A$4.70.

Hong Kong

Stock prices showed no decided trend yesterday, although the Hang Seng index edged up 3.27 more to 1,243.87 after Wednesday's good rally of 27 points.

Fears of a higher than previously anticipated local Prime Rate rise when the Exchange Banks Association meets on Saturday created some uncertainty, and operators withdrew to the sidelines after testing the market in the morning session.

The market is currently discounting a one percentage point increase in local Prime, which currently stands at 10½ per cent, dealers added.

Among the leaders, Hong Kong Bank eased 10 cents to HK$ 17.40, but Hong Kong Land gained 20 cents to HK$ 17.80 and Hong Kong Wharf HK$ 3.50 to HK$ 100.00.

Elsewhere, China Light lost 10 cents to HK$ 20.70, Far East Consortium 15 cents to HK$ 5.50 and Sun Hung Kai Properties 20 cents to HK$ 16.20, but Hang *Lung put on HK$ 1.00 to* HK$ 20.30, Hong Kong Realty 25 cents to HK$ 6.75, Jardine Securities 20 cents to HK$ 13.60 and Sun Hung Kai Finance 20 cents to HK$ 4.20.

NEW YORK

CANADA

HOLLAND

BELGIUM (continued)

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

HONG KONG

SINGAPORE

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

JAPAN

BRAZIL

Financial Rand US$0.93½ (Discount of 30%)

Indices

NEW YORK —DOW JONES

	Oct 1	Sept. 30	Sept. 29	Sept 26	Sept. 25	Sept. 24	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	959.42	932.42	921.35	940.10	955.97	964.76	974.57 (22/9)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.67	66.14	55.50	66.81	67.54	67.60	76.61 (25/6)	65.67 (28/3)	—	—
Transport	337.59	336.86	328.77	337.53	345.39	348.93	350.02 (22/9)	233.89 (27/3)	350.02 (22/9/80)	12.23 (8/7/32)
Utilities	108.70	107.82	107.38	108.81	109.86	110.59	115.88 (8/7)	96.04 (27/3)	165.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	48,720	40,290	46,410	43,460	49,510	56,860	—	—	—	—

●Day's high 945.14 low 923.04

	Sept. 26	Sept. 19	Sept 12	Year ago (approx
Ind. div. yield %	5.73	5.58	5.74	5.66

STANDARD AND POORS

	Oct 1	Sept. 30	Sept. 29	Sept 26	Sept. 25	Sept. 24	1980 High	1980 Low	Since Cmpil't. High	Since Cmpil't. Low
‡Indust'ls	144.87	142.82	140.49	145.78	146.51	146.39	148.63 (22/9)	111.09 (27/3)	146.85 (19/9/80)	3.52 (30/6/32)
§Composite	127.15	125.46	123.54	126.36	128.72	130.37	130.40 (22/9)	98.22 (13/2)	129.25 (19/9/80)	4.40 (1/6/32)

	Sept. 24	Sept. 17	Sept. 10	Year ago (approx
Ind. div. yield %	4.50	4.54	4.69	4.97
Ind. P/E Ratio	9.03	8.91	8.62	8.18
Long Gov. Bond Yield	11.62	11.46	11.03	9.16

N.Y.S.E. ALL COMMON

Oct. 1	Sept. 30	Sept. 29	Sept. 26	1980 High	1980 Low
73.37	72.38	71.26	72.99	75.43 (22/9)	55.30 (22/9)

Rises and Falls	Oct. 1	Sept. 30	Sept. 29
Issues Traded	1,889	1,923	1,941
Rises	906	1,127	136
Falls	633	457	1,583
Unchanged	350	339	222
New Highs	24	9	6
New Lows	4	12	20

MONTREAL

	Oct. 1	Sept. 30	Sept. 29	Sept. 26	1980 High	1980 Low
Industrial	390.05	384.05	382.42	388.98	425.88 (29/2)	323.21 (27/6)
Combined	363.56	359.75	358.11	365.45	372.30 (29/2)	296.80 (27/3)
TORONTO Composite	2228.51	2260.0	2,238.8	2,271.1	2547.8 (24/9)	1702.5 (27.3)

	Oct. 2	Oct. 1	Sept. 30	Sept. 29	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1935 53)	995.37	992.10	991.94	992.90	995.57 (25/9)	750.00 (2/1)
Metal & Mnrls. (1936-39)	6644.26	6581.65	6618.14	6571.48	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	66.75	66.52	66.55	65.65	69.40 (7/1)	65.58 (19/8)
BELGIUM						
Belgian SE (31/12/63)	90.55	90.77	90.66	90.65	105.76 (11/2)	90.14 (31/5)
DENMARK						
Copenhagen SE (1/1/73)	90.31	90.52	90.50	90.81	91.98 (24/9)	74.78 (5/3)
FRANCE						
CAC General (29/12/61)	111.9	111.3	110.6	110.5	117.8 (22.2)	97.1 (5/1)
Ind Tendance (28/12/79)	116.9	116.1	115.4	116.2	119.4 (15/9)	95.6 (6/1)
GERMANY						
FAZ-Aktien (31/12/58)	231.66	230.93	222.97	230.48	258.89 (25/2)	212.73 (28/8)
Commerzbank Dec. 1953	*725.5*	*724.4*	*719.5*	*727.7*	*749.2 (25/2)*	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	82.5	82.7	82.9	83.9	88.0 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	60.3	60.6	61.0	61.7	68.2 (11/1)	58.2 (28.3)
HONG KONG						
Hang Seng Bank (31/7/64)	1243.97	1240.60	1213.65	1227.22	1313.75 (22/9)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	145.60	141.51	141.15	136.14	145.60 (2/10)	55.11 (2/1)
JAPAN						
Dow Average (16/5/49)	7119.40	7123.08	7076.42	7060.75	7123.08 (1/10)	5475.92 (27/3)
Tokyo New SE (4/1/68)	490.51	490.07	482.79	488.12	490.51 (2/10)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	129.25	127.71	127.15	127.94	144.70 (14/2)	110.12 (28.3)
SINGAPORE						
Straits Times (1966)	609.49	607.56	590.22	595.24	647.49 (22/9)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	982.6	956.4	(u)	1026.1 (22/9)	649.5 (2/7)
Industrial (1958)	(u)	603.5	600.1	(u)	627.1 (8/9)	456.0 (2/1)
SPAIN						
Madrid SE (28/12/79)	110.52	109.91	109.26	(c)	111.77 (16/8)	93.78 (16/5)
SWEDEN						
Jacobson & P. (1/1/58)	555.13	555.72	355.57	352.55	586.99 (8/2)	354.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	306.6	308.2	304.8	305.1	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	155.2	153.1	151.4	156.7 (22/9)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Atl. Richfield	1,132,400	56⅝	+4	Phillips Petrlm.	591,000	47⅞	+2⅛
Norton Simon	667,800	15⅛	—	Exxon	526,600	71⅛	+2
Colonial Penn	660,900	16⅞	−1½	Xerox	475,300	68⅛	+2½
IBM	603,300	65⅞	−1½	McDermott	455,500	27⅞	+ ⅝
Am. Tel. & Tel.	600,400	51⅛	− ⅜	Texaco	434,000	37	+1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. ad Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

COMMODITIES AND AGRICULTURE

U.S. plans to sign provisional rubber pact

WASHINGTON — The U.S. will enter provisionally into the International Rubber Agreement in the next few days, the Administration has said, here.

The decision to enter into the Rubber Pact provisionally, rather than definitely, stems from problems in getting Congressional appropriations for the full contribution to the buffer stock fund, they added.

The house has approved the full amount, $88m, but a Senate appropriations committee decided to allocate only $45m.

The differences are expected to be resolved when Congress reconvenes in mid-November after the November 4 elections.

The rubber agreement had been scheduled to come into force on Wednesday, subject to ratification by 60 per cent of producers and consumers.

In Brussels, meanwhile, an EEC official said the Community would ratify the pact in the next few days. The announcement had slightly delayed ratification because of procedural problems, he said, adding that the EEC had no political objections to the agreement.

Wool use rise forecast

IN A WORLD made colder by the energy shortage and measures to combat it, the position of wool as a textile fibre cannot help but improve in relation to synthetics. Britain, in fact, consumed 5.8 per cent more wool in 1979 than the year before.

This was the message yesterday at a reception attended by senior figures in the British wool textile industry to mark the 100-millionth Woolmark label to have been issued in the UK.

Mr. Tony Gould, the UK and Ireland branch director of the International Wool Secretariat, told guests that with people seeking more warmth from apparel and the synthetics industry suffering from increases in the price of oil derivatives that were its raw material, wool would continue to command a premium over rivals.

EEC Commission seeks new sugar agreement talks

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission is again pressing EEC governments for a mandate to reopen negotiations for joining the International Sugar Agreement (ISA) in a bid to end the Community's "rogue" status as the only big producer left outside the agreement.

The Commission submitted its request to the Council of Farm Ministers here on Tuesday, asking for authorisation to reopen talks with the International Sugar Organisation in Geneva on the possibility of establishing an agreed "export quota" for the EEC.

The last time the Commission was allowed to enter into serious negotiations with the organisation was in 1974/75, when the Community was offered an export quota of about 300,000 tonnes.

With world market prices high and the EEC currently exporting 2.5m to 3m tonnes a year, even the words "export quota" are anathema to European farmers producing 30 per cent more than their domestic market buys.

The ISA is an attempt to stabilise world prices by fixing export quotas in times of over-supply and thereby iron out the traditional wild cycles of world over-production and shortages.

The Commission is arguing its case on three main points. First, it says that the recent increase in world prices provides a favourable climate for negotiation.

Secondly it maintains that membership could help the Community achieve some of the economies it needs if it is not to exhaust its budget this year. The EEC's growing sugar surpluses have forced it to subsidise exports at an increasing pace.

The Commission also argues that it is politically unwise for the Community to remain outside the agreement. Subsidised exports have angered other producers such as Australia, which only last month threatened trade sanctions against the Community if it did not reconsider its position on this issue.

However, EEC member countries are unlikely to move quickly on the Commission request. Earlier this year they forced the Commission to redraft its proposals for a new intra-Community marketing scheme to reduce its proposed cutbacks in production quotas for European producers.

It is even being suggested that EEC member countries may delay implementing the new marketing arrangements partly to be able to argue that it would be impossible to negotiate ISA membership when the Community was without a scheme of its own.

Meanwhile, the Commission yesterday published its latest proposals for the new intra-Community arrangements (see table). It proposes retaining all A quotas, with the reductions coming only in the B quotas.

The A quota is the sector which is set to match EEC consumption, which, according to most forecasts, is expected to stabilise at about 9.5m tonnes a year. The B quota, which is usually set as a percentage of the A quota during the annual EEC farm-prices review, has been related to an average of production in the best three years between 1975-76 and 1979-80.

EUROPEAN COMMISSION SUGAR QUOTAS
(1,000 tonnes white)

	A (no change)	B* (existing)	Total	B** (proposed)	New total
Belgium & Luxembrg.	680	187	867	81	761
Denmark	328	90	418	97	425
France	2,530	696	3,226	759	3,289
French Depts. Overs's	466	128	594	23	489
Ireland	182	50	232	9	191
Italy	1,230	338	1,568	298	1,528
Netherlands	690	190	880	168	858
W. Germany	1,990	547	2,537	611	2,601
UK	1,040	286	1,326	52	1,092
EEC	9,136	2,512	11,648	2,098	11,234

* 27.5 per cent of A.
** Average production of best three years 1975-76 to 1979-80 with minimum set at 5 per cent of A.

Decline in veal prices halted

BY RICHARD MOONEY

THE DRAMATIC decline in UK veal calf prices caused largely by Continental health fears over the use of hormone growth promoters appears to have bottomed out.

According to the Meat and Livestock Commission prices at major British markets this week for Friesian bull calves—the type used for quality veal—averaged £37.91 a head, slightly up on last week's £36.95. But this was still well down on normal levels.

At this time last year the calves were fetching £62 each for export. In early August this year prices were averaging £82 a head, but a seasonal decline would have reduced this anyway.

The decline is linked to the closure of Italian and French veal markets last month following reports that anarobic steroids used to make calves grow more quickly might cause cancer if residues remained in meat sold for human consumption. The EEC Commission this week announced that it was to prepare proposals to control the use of these drugs throughout the Community.

The Ministry of Agriculture is to begin a monitoring programme later this month to make sure the rules are being strictly observed, but it said this was planned before the recent scare.

Outlook still bleak for farmers

By Our Commodities Staff

FARMERS' incomes fell by 20 per cent in real terms last year and there is little likelihood of much improvement in the near future, according to a report published yesterday.

The annual ICI Recorded Farms Survey said: "Due to present inflation, farm costs are rising faster than commodity prices and the overall prospects for higher prices in the near future look limited. Farmers are having to contend with ever rising costs and uncertain returns.

"The cost price squeeze last year had greatest effect on livestock farms when the aftermath of the previous severe winter imperilled livestock performance and exhausted fodder supplies on many farms."

Dairy farms also showed a drop in incomes for the first time in six years.

The report, based on data from 175 farms covering 120,000 acres in England and Wales, said the pressure of the cost-price squeeze was unlikely to ease in the near future.

Farmers will only improve their profitability "in the current dismal price situation" by increasing productivity. Dairy farmers must rely more on fodder for higher yields per hectare and lower costs of production of a litre of milk.

Arable farmers must operate "a more judicious use of seeds, fertilisers and sprays to achieve higher output."

Lamb deal export fears

THE EEC lamb deal, announced with pride this week by UK Agriculture Minister Mr. Peter Walker and received with "delight" by British farmers, has been given a much cooler reception by Britain's meat exporters. They claim the regime could cost them some of their traditional export markets.

"We have buried the hatchet with France only to turn round and find that some of our other markets may have been mucked up," one exporter complained, yesterday.

An export tax resulting from the EEC regime will make exports to some countries uneconomic, the exporters claim.

DANISH FARMING

Charging into a sea of debt

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

NEARLY 50 years ago I went to work for a few months on Danish farms while waiting to take on a farm of my own. At that time British farming was in deep recession. But the Danes were alleged to be prospering on a combination of farming skills, particularly with pigs and cows, and a highly disciplined marketing set up.

In retrospect, I cannot say that they were obviously prosperous. My impression was that they were comfortable but thrifty owner-occupiers, running mixed farms with quite an amount of hired labour, and doing it extremely well. Their pigs, which I had particularly gone to study, were housed in good labour-intensive buildings. Their arable cultivations, all with horses, were competent and their marketing system a model to one and all, which in many cases it still is.

Creditable

The development of Danish agriculture over the last century has been the basis of the country's economy. It provides over 30 per cent of net export earnings, vital to a country with no assets other than soil—rather thin and sandy for the most part—and a climate equating to the Scottish borders. A most creditable performance by the farming community there.

I was in Jutland a few weeks ago and the superficial scene was much as it was half a century ago. The farms and their buildings were still roughly the same, but inside they have been altered a bit. There were still herds of red Danish cattle, although the black and white Friesians are spreading. The only real difference was that in the place of a multiplicity of mixed cropping most farms appear to be growing nothing but spring barley. This in a climate where harvesting has been a good deal worse than in the south of England.

The change to barley is interesting. It is an easy crop to grow. The climate is said to be too cold for autumn sown cereals, and barley is a good basis for livestock feed. In any case membership of the EEC has since 1973 pushed its price up to an attractive level. Few farms are large enough to instal drying and storage. Most farmers seemed to leave their harvested grain in heaps in the fields for the co-operative or feed company's lorry to pick up, take away and store. The last place I had seen this practice was in Western Canada.

But beneath this tranquil surface there is a desperately unhappy picture. The indebtedness of Danish farming works out at an average of £31,000 per farm, or roughly £500 an acre. The service of this loan is costing today at least 20 per cent. So the average farmer would have to pay £100 a year per acre before he started to meet his other costs. No wonder bankruptcies, almost unheard of a few years ago, are becoming commonplace.

It is interesting to compare the indebtedness of Danish and British farming. In May, 1980 British farming owed £2.8bn to British banks on an agricultural area of 18.6m hectares. The Danes owed £4.1bn on 2.9m hectares. The figures are not strictly comparable because of differences in land quality, improvements and buildings. But they illustrate the headlong plunge of the Danish farmer into debt.

What happened to this thrifty hardworking farming people? Why have they cast aside their natural caution and charged like lemmings into such a sea of debt?

It began with Common Market membership. I was in Denmark just before the country joined. Among the inducements being held out to farmers was that their market prices would at least double by the end of transition, which they did. This coincided with an almost frantic exercise on the part of lenders, some from abroad, to finance Danish farming. Some of the loans were at low interest rates, but the security, in the myopic view of bankers, was good.

Most Danish farms are owner-occupied and tightly held. There was intense competition for any that came on the market. Not only from young farmers, anxious to get a farm of their own, but by townsmen and industrialists in search of a solid investment. No one worried too much as farmers borrowed more and more money, because however much they borrowed, the security was there. There is something of the same mentality in some British farming circles, too, nowadays.

They not only borrowed to buy land. They also borrowed to mechanise not only the land but livestock handling to get rid of labour which became most expensive. However, the interest on the loans in many cases must cost more than the workers' wages saved.

Legislation

Even so all would have been well had interest rates kept low. Many loans were at variable rates which have kept place with those in the rest of Europe. Loans from foreign sources also cost more due to the devaluation of the Danish kroner. At the same time farm prices have hardly risen since 1976.

In an attempt to placate farmer grievances the Danish Government three years ago passed legislation preventing non-farmers buying land. This has, it is said, caused a slight reduction in land values. Perhaps more importantly it reduced the impact of land value tax and the cost if inheritance, another frequent source of heavy debt. However, it has also reduced the equity of many over-borrowed farmers.

The Danish Government is planning a series of measures aimed at alleviating the situation. These are probably essential to keep going vital industry that supports the whole economy. The alternative could well be mass bankruptcies.

There is, however, an important lesson in what has happened in Denmark. One of the motives behind the borrowing bonanza by farmers was the notion that it was economically right to do so and even pay high interest rates during an inflationary period. The snag is that the selling prices of farm produce and the value of the land has not risen to match inflation even in real terms. Something we should all remember.

BRITISH COMMODITY MARKETS

COPPER—Lost ground on the London Metal Exchange. The decline in gold, and news that Phelps Dodge are to resume talks with copper workers next Monday prompted general liquidation which depressed forward metal from £872 to £865 in the morning. The price fell further to £856 in the afternoon as Comex lost ground. However, a sharp recovery in New York encouraged short covering and light fresh interest and three months picked up to close the late Kerb at £867. Turnover 17,023 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	857-8	—16	855.5-6	—15
3 months	865-6	—15	864-.5	—14.5
Settlem't	858	—16	—	
Cathodes				
Cash	808-9	—18	808-10	—14.5
3 months	839-40	—14	837-8	—13.7
Settlem't	809	—18	—	......
U.S. Prod		......	*98.7-104	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £839, 38, three months £868, 67, 68, 69, 68, 67, 66, 66.5, 66. Cathodes, cash £811, 10, three months £839. Kerb: Wirebars, three months £866.5, 65.5, 65, 65.5, 68, 66.5, 66, 67, 66.5, 67, 68. Afternoon: Wirebars, three months £860, 59, 60, 61, 60.5, 60, 64, 63.5, 64. Cathodes, three months £838. Kerb: Wirebars, three months £865, 66, 67, 68, 68.5, 69, 68, 67, 66.5, 67.5.

TIN—Marginally easier on balance. Three months material traded in a narrow range with a good two-way business reported. Forward metal opened at £7,100 and moved up to £7,120 prior to closing the late Kerb at £7,100. Turnover: 875 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7000-10	+10	6990-7	—31.5
3 months	7110-5	+17.5	7100-10	—22.5
Settlem't	7010	+10	—	......
Standard				
Cash	7000-10	+10	6990-7	—115
3 months	7110-5	+17.5	7095-100	—50
Settlem't	7010	+10	—	......
Straits.E.	†$2147	+15	—	......
New York	—	......		

Morning: Standard, three months £7,110, 20, 15, 10, 05, 10. Kerb: Standard, three months £7,120. Afternoon: Standard, three months £7,110, 05, 01, 7,100, 7,097. Kerb: Standard, three months £7,110, 20, 10, 7,100.

LEAD—Easier following general liquidation and trade hedge selling which depressed forward metal from £395 to a close on the late Kerb of £386. Turnover: 7,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	372.5-3	—8.75	370-1	—9.5
3 months	388.5-9.5	—8	386-7	—8.75
S'ment	373	—9	—	......
U.S. Spot	—	......	*42-44	......

Morning: Cash £372.5, 73, three months £392, 91, 90, 89, 88, 89, 89.5, 89. Kerb: Three months £389, 88.5, 88, 87. Afternoon: Cash £370, three months £386, 87. Kerb: Three months £388, 87.5, 87, 86.5, 86.

ZINC—Quietly easier with three months finally quoted at £345 on the late Kerb. Turnover: 3,350 tonnes.

Morning: Cash £335, three months £346. Kerb: Three months £346.5. Afternoon: Three months £346. Kerb: Three months £345.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	334.5-5.5	—.5	333.5-4.5	—2
3 months	346-7		345-6	—1.75
S'ment	335.5	—.5	—	......
Primw'ts	—	......	*37.5-37.75	—

ALUMINIUM—Moved ahead on light fresh buying and short covering which lifted forward metal from £685.5 to £697.5 by the close of the late Kerb. Turnover: 3,900 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	665-7	—1	672-4	+8
3 months	687-8		694-5	+9

Morning: Three months £686, 87. Kerb: Three months £687. Afternoon: Three months £688, 89, 90, 91.5, 92, 94. Kerb: Three months £695, 95.5, 96, 97, 96.5.

NICKEL—Barely changed in idle trading with three months metal closing the afternoon Kerb at £2,822.5. Turnover: 324 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2795-805	—5	2795-800	—10
3 months	2819-25	—12.5	2823-5	—12.5

Morning: Three months £2,825, 30, 20. Afternoon: Three months £2,825.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COCOA

In thin trading conditions, cocoa futures were barely steady throughout another featureless day, for prices to close marginally lower from Wednesday night's levels. Physical business was scarce as both producers and consumers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	967-68	—3	970-63
March	1006-07	—4	1011-03
May	1026-28	—4.5	1031-26
July	1046-47	—4	1049-45
Sept.	1066-67	—2.5	1067-66
Dec.	1089-92	—1	1090
Nov.	1110-20	+2.5	—

Sales: 1,113 (1,002) lots of 10 tonnes.

ICO Futures. Daily price for Oct. 1: 104.77 (——). Indicator prices for Oct. 2: 10-day average 108.66 (——). 15-day average 109.30 (——).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Oct. 355, 360, nil, nil; Dec. 364, 366, 365, 7; Jan. 365, 367, 367-366, 6; March 368, 371, 370, 10; May 368, 373, 373-372, 10; Aug. 377, 380, 379-377, 13; Oct. 378, 384, 380, 3; Dec. 380, 384, 382, 5; Jan. 383, 386, nil, nil; March 384, 387, 384, 2. Sales: 56.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 455.0, 456.0, 458.0-455.0, 65; Dec. 468.0, 469.0, 470.0-466.0, 75; March 491.0, 492.0, 491.5-489.0, 171; May 498.0, 499.0, 499.0-496.0, 147; July 503.0, 504.0, 504.5-501.0, 98; Oct. 504.0, 505.0, 505.0-502.0, 11; Dec. 504.0, 507.0, 505.0-503.0, 4; March 508.5, 510.0, untraded. Sales: 528.

COFFEE

A quiet day on the robusta market saw prices fluctuating around opening levels for most of the session in poor volume, reports Drexel Burnham Lambert. There was no fresh news from the ICO meeting, although conflicting views on the possible outcome produced a nervous undertone, and contributed towards a steady but quiet afternoon.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov.	1044-46	+2	1050-30
January	1073-74	+4.5	1075-60
March	1088-90	+8.5	1091-76
May	1095-1100	+9.5	1100-1084
July	1095-1100	+4.5	1100-1085
Sept.	1100-05	+1	—
March	1090-1120	+2.5	—

Sales: 2,094 (2,449) lots of 5 tonnes.

ICO Indicator prices for Oct. 1 (U.S. cents per pound). Other Mild Arabicas 123.67 (——). Robustas ICA 1976 120.00 (——). ICA 1968 120.25 (——). Unwashed Arabicas 209.00 (——). Comb. daily ICA 1968 153.70 (——).

GRAINS

LONDON GRAIN FUTURES — The market opened unchanged. Values eased 15-20p by lunch in reasonably active trading, commercial and hedge-selling forcing the dip. In the afternoon session, values improved on good commercial trade buying, the main volume being in barley. Values closed steady, unchanged to 5p down on the day on barley, wheat being generally neglected in the afternoon, closing 10p lower, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Nov.	98.75	—0.10	93.30	—
Jan.	102.95	—0.10	97.65	—
Mar.	106.65	—0.10	101.35	+0.10
May	110.40	—0.10	104.95	—0.05
July	114.10	—0.10	—	—
Sept.	98.85	—	94.60	—

Business done—Wheat: Nov. 98.85-98.65, Jan. 103.15-102.95, March 106.75-106.65, May 110.50-110.30, July no trade, Sept. no trade. Sales: 159 lots of 100 tonnes.

Barley—Nov. 93.40-93.15, Jan. 97.75-97.45, March 101.35-101.15, May 105.00-104.85, Sept. no trade. Sales: 315 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Oct. 97.25, Nov. 99, Dec. 103.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent: Oct. 99.50, Nov. 101, Dec. 102.50, Jan. 105, Feb. 107.50, transhipment East Coast. Maize: U.S./French: Oct. 120.50, transhipment East Coast, seller. S. African Yellow: Oct.-Nov. 85, seller. English Feed fob: Nov. 98, paid South Coast. Jan-March 104.50, April 109, paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 89.50, S. West 90.60, W. Midlands 89.70, N. West 89.40. Feed wheat: S. East 94.90, S. West 94.80, W. Midlands 95.90, N. West 98.50. Other milling wheat: S. East 97.30, W. Midlands 97.00.

RUBBER

The London physical market opened slightly easier, with very little interest throughout the day, closing on a quiet note. Lewis and Peat reported a fob October price for No. 1 RSS in Kuala Lumpur of 299.5 (302.25) cents a kilo and SMR 20 at 257.5 (261).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	64.20-64.80	64.70-65.00	—
Dec	65.40-66.00	65.80-66.50	—
Jan-Mar	67.80-67.90	68.40-68.50	68.40-67.00
Apr-Jne	71.10-71.20	71.60-71.70	71.40-70.50
Jly-Sept	74.20-74.30	74.70-74.90	74.70-73.60
Oct-Dec	77.00-77.20	77.50-77.60	77.10-77.00
Jan-Mar	80.00-80.00	80.30-80.40	80.00-79.70
Apl-Jne	82.80-82.70	83.10-83.00	—
Jly-Sept	85.40-85.60	85.80-86.00	—

Sales: 312 (281) at 15 tonnes, nil (10) at 5 tonnes.

Physical closing prices (buyer) were: Spot 62.75p (63.00p) Nov. 64.25p (64.75p); Dec. 65.50p (65.75p).

SILVER

Silver was fixed 21.85p an ounce lower for spot delivery in the London bullion market yesterday at 886.85p. U.S. equivalents of the fixing levels were: spot $21.2, down 55.2c; three-month $21.834, down 58.1c; six-month $22.581, down 64.1c; and 12-month $24.043, down 58.7c. The metal opened at 894-911p ($21.35-21.75), and closed at 880-892p ($21.00-21.30).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	885.85p	—21.1	886.5p	—13
3 months	919.30p	—24	922.5p	—11.5
6 months	949.30p	—26	—	......
12months	1010.00p	—26.5	—	......

LME—Turnover 117 (177) lots of 10,000 ozs. Morning: Three months 927, 26, 22, 18, 16, 13. Kerb: Three months 911, 12, 13, 15, 16. Afternoon: Cash untraded. Three months 912, 08, 09, 15, 17, 18, 19, 20. Kerbs: Three months 920, 22.5, 20, 19, 18, 17, 16.

SUGAR

LONDON DAILY PRICE (raw sugar): £387.00 (£380.00) a tonne cif for Sept.-Oct.-Nov. shipments. White sugar daily price was £378.00 (same).

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Jan	402.00-04.00	404.05-05.50	408.00-03.00
Mch	415.75-16.00	418.00-14.25	425.00-15.50
May	411.40-11.75	415.50-19.00	420.00-09.00
Aug	396.50-97.00	400.05-00.20	402.00-96.00
Oct	377.00-78.00	381.50-81.55	382.00-77.00
Jan	352.00-56.00	351.50-58.00	—
March	342.00-50.00	352.00-48.00	—

Sales: 12,048 (13,997) lots of 50 tonnes.

No. 2 Contract—Close (in order buyer, seller, business, sales): Oct. 395.00, 395.50, 399.50-390.00. Sales: 94 (94).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £487 (£480) for export.

International Sugar Agreement (U.S. cents per pound (fob and stowed Caribbean port). Prices for Oct. 1: Daily price 39.42 (36.16): 15-day average 38.63 (35.92).

News that Brazil had withdrawn from the export market lifted prices initially some £3 above overnight levels. However, persistent long liquidation developed, and prices fell back some £9.00 from the high points. Half the losses were recovered later, following improving New York quotations, but the market eased again at the close, reports C. Czarnikow.

SOYABEAN MEAL

The London market opened steady on commission house buying, reports T. G. Roddick. Prices declined on trade hedge-selling and the market sold off £1.80 before rallying late in the session, to close with losses of around £1.00.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	122.50-25.0	+0.25	—
December	128.50-26.5	—1.05	129.80-128.80
February	131.20-31.4	—1.25	132.70-130.40
April	132.10-32.7	—1.10	133.00-4
June	131.60-32.5	—0.50	—
August	131.60-32.8	—1.10	—
October	125.00-26.0	—1.05	126.60-126.0

Sales: 199 (174) lots of 100 tonnes.

POTATOES

LONDON POTATOE FUTURES—In a quiet market, late buying interest raised values to recover from the early losses, reports Coley and Harper. Closing prices: Nov. 44.50 —10 (high 44.50, low 44.10); Feb. 53.30 +20 (high 53.10, low 53.00); April 60.30 —10 (high 60.30, low 60.20). Total traded: 21 (57) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 22 tonnes, bringing the total for the week so far to 386 tonnes. Restricted operations involved few fresh dealings. Only occasional interest displayed in Turkish and Russian styles.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 2 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1600/1650	......	$1770/30
Copper			
Cas w'bar	£856	—15	£839.5
3 mths	£864.25	—14.5	£858.25
Cash Cathode	£809	—14.5	£806.5
3 mths	£837.5	—13.75	£831
Gold troy oz	$670.5	—10	$647.5
Lead Cash	£570.5	—9.5	£352.5
3 mnths	£386.5	—9.75	£367.25
Nickel	£3,168	......	£3,206.0
Freemkt (cif lb)	290/315c	......	290/315c
Platin'mtr'y oz	£302	......	£302
Free mkt	£287.20	—2.80	£275.7
Quicksilver†	$412/418	......	$405/415
Silver troy oz	886.85p	—21.15	673.10p
3 mths	919.30p	—24	700.10p
Tin Cash	£6,993.5	—31.5	£7,080
3 mths	£7,105	—22.5	£7,117.5
Tungsten22.04lb	$146.42	+0.66	$144.87
Wolfrm 22.04 lbs	$148/152	—2.6	$151/154
Zinc cash	£534	—2	£320
3 months	£345.5	—1.75	£331.5
Producers	$760	......	$760
Oils			
Coconut (Phil)	$570w	......	$616
Groundnut	‡	......	‡
Linseed Crude	£393z	......	£397
Palm Malayan	$475x	......	$545
Seeds			
Copra Philip	$370t	+5	$405u
Soyabean(U.S.)	$330z	......	$341
Grains			
Barley Futures	£97.65z	......	£95.90
Maize			
French No3AM	£120.50z	......	£122.50
Wheat			
No.1 Red Spg.	‡		‡
No2HardWint	£99.50z	......	£100
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,045	—4	£1,029
Future Mar.	£1,006.5	—4	£968.5
CoffeeF t' Jan.	£1,073.5	+4.5	£1,097.5
Cotton A.index	98.80c	......	102.40c
Rubber (kilo)	62.75p	—0.25	65p
Sugar (Raw)	£387	+7	£310
Woolt'ps 64s kl.	292p kilo	—1	287p kilo

‡ Unquoted. t Oct. u Sept.-Oct. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal. r Nov.-Dec. x Dec.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5-£6, codlings £3.50-£4.50. Haddock (medium) £3.80-£4.40, small £2-£3. Plaice (large) £5-£5.60, medium £4-£5, best small £2.40-£3.60. Skinned dogfish (large) £5-£5.80, medium £4-£4.50. Lemon soles (large) £8, medium £6.50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.5 to 64.0; Eire hindquarters 69.0 to 72.0, forequarters 41.0 to 44.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 50.0 to 56.0, medium 50.0 to 52.0, heavy 44.0 to 48.0; Scottish medium 48.0 to 54.0, heavy 42.0 to 50.0. Imported frozen: NZ PL 55.0 to 56.0, PM 48.5 to 50.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 38.0 to 48.0, 120-160 lb 36.0 to 44.5. Grouse: Young, best (each) 220.0 to 260.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 2. GB cattle 71.78p per kg lw (+1.64); UK sheep 123.58p per kg est dcw (+15.00); GB pigs 66.53p per kg lw (+1.35).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.50, 112 4.50, 138 4.35, 150 4.20; Brazilian: 72/138 3.70-4.40; Californian: 56/112 4.00-5.00. Lemons—Italian: 100/150 5.00; Spania: Trays 25/45 2.00-2.60, Boxes 5.50-7.00; Outspan: Trays 45 4.30; Turkish: 4.80-5.20; Chilean: 7.00-7.50; Cyprus: 50/105 6.20-6.60, 5-kg trays 3.00-3.20. Grapefruit—Dominican: 36/63 5.50-6.50; Honduras: 36/48 6.00-6.50; Cuban: 4.80-5.00. Apples—French: Starkcrimson 72/84 1.70-2.20, Golden Delicious approx. 20-lb, 72 1.70-2.00, 84 1.50-1.60; 40-lb 125/163 3.20-3.50, Granny Smith 20-lb 72 2.30-2.50, 84 1.70-1.80; Spanish: Granny Smith 40-lb 3.60-4.00; Dutch: Cox's Orange Pippins, Jumble pack, per pound 0.13. Pears—French: Per 28-lb Williams 2.50-3.20; Italian: Per pound Williams 0.12-0.15; Dutch: Beurre Hardy per pound 0.09. Nectarines—Italian: 4.50-6.00. Plums—Italian: Boxes, Stanleys per pound 0.12. Grapes—Italian: Regina per pack 1.40-1.70, Wine per pound 0.12, Italian 2.60-3.00; Spanish: Almeria 2.20; French: Alphonse 2.40. Melons—Spanish: Yellow 10-kg 2.40-3.10, Green 7/11's 2.40-2.60. Tomatoes—Jersey: 2.20-2.80; Dutch: 2.70; Guernsey: 2.60-3.00; Spanish: 2.20-2.50. Onions—Spanish 2.20-2.80; Dutch: 2.00. Picklers 2.80. Cabbages—Dutch: White 2.80. Pomegranates—Spanish: 40/60 3.00-3.80.

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.30-0.60. Apples—Per pound Howgate 0.06, Derby 0.05-0.06, Bramleys 0.07-0.10, Worcester Pearmain 0.05-0.09, Cox's Orange Pippins 0.10-0.16. Pears—Per pound Conference 0.08-0.10. Plums—Per 12-lb Damsons 1.80-2.00, Marjorie Seedlings 1.40-1.80.

AMERICAN MARKETS

NEW YORK, October 2.

HEAVY HOG MARKETINGS were responsible for the sell-off in the entire livestock complex. Grains and soyabeans steadily eroded during the day on hedging pressure, finishing with major losses. Precious metals sold off on reports that Saudia would increase their oil production, to make up for Iraqi and Iranian losses. Copper reacted with gold to the downside in the absence of any change in fundamentals. Sugar backed off moderately on profit-taking. Coffee rose again as the ICO meeting provided no clues to the quota mechanism. Cocoa was featureless in a narrow range. Cotton was under heavy pressure because of declining demand and recessionary psychology, reported Heinold.

Coffee—"C" Contract: Dec. 126.91 (126.50), March 131.97 (131.53), May 134.62, July 136.68, Sept. 137.00, Dec. 137.38. Sales: 910.

Copper—Oct. 90.15 (91.90), Nov. 91.05 (92.85), Dec. 92.10, Jan. 92.90, March 94.80, May 96.30, July 98.00, Sept. 99.70, Dec. 102.25, Jan. 103.05, March 104.85, May 106.65, July 108.45. Sales: 7,500.

*Gold—Oct. 670.5 (680.5), Nov. 676.5 (687.5), Dec. 685.0, Feb. 701.9, April 719.5, June 737.6, Aug. 756.1, Oct. 775.1, Dec. 794.3, Feb. 813.7, April 833.2, June 853.0, Aug. 873.1.

Potatoes (round whites)—Nov. 92.6 (94.8), March 131.8 (136.7), April 153.5. Sales: 2,468.

Silver—Oct. 2080.0 (2158.0), Nov. 2106.0 (2181.0), Dec. 2135.0, Jan. 2165.0, March 2225.0, May 2285.0, July 2345.0, Sept. 2405.0, Dec. 2495.0, Jan. 2525.0, March 2585.0, May 2645.0, July 2705.0. Sales: 4,500. Handy and Harman bullion spot: 2100.0 (2139.0).

Sugar—No. 11: Jan. 40.92 (41.38), March 42.40 (42.66), May 41.85, July 40.76, Sept. 39.20, Oct. 38.41, Jan. 35.70, March 35.50. Sales: 10,250.

Tin—782.0-790.0 (781.0-787.0).

CHICAGO, October 2.

Chicago Imm Gold—Oct. 672.5 (680.7), Nov. —— (——), Dec. 687.0, Jan. 696.0, March 712.5, April 721.5, June 738.3, July 747.5, Sept. 764.8.

Lard—Chicago loose 22.00 (same). New York prime steam unavailable.

Live Cattle—Oct. 67.17 (67.57), Dec. 68.25 (69.10), Jan. 69.62, Feb. 70.32, April 72.15, June 73.05, Aug. 72.45, Oct. ——, Dec. 73.50.

Live Hogs—Oct. 47.02 (47.77), Dec. 49.05 (50.30), Feb. 52.32, April 51.10, June 54.60, July 55.70, Aug. 54.50, Oct. 53.60, Dec. 55.50.

‡Maize—Dec. 343¼-343 (348½), March 355-354½ (360), May 360½-360¾, July 361½-361¾, Sept. 352¾, Dec. 344¾.

Pork Bellies—Feb. 64.00 (66.00), March 64.07 (66.07), May 65.47, July 66.07, Aug. 64.90.

¶Silver—Oct. 2085.0 (2175.0), Nov. —— (——), Dec. 2140.0, Feb. 2205.0, April 2252.5, June 2312.5, Aug. 2372.5, Oct. 2432.5, Dec. 2492.5, Feb. 2552.5, April 2612.5, June 2672.5, Aug. 2732.5, Oct. 2792.5, Nov. ——, April ——.

‡Soyabeans—Nov. 791-790½ (811½), Jan. 813-815 (834¼), March 837-836, May 853-853½, July 860, Aug. 853, Sept. 813, Nov. 784.

¶Soyabean Meal—Oct. 230.0-229.5 (233.3), Dec. 238.4-238.0 (241.5), Jan. 239.5-239.1, March 244.8-244.5, May 246.0-246.5, July 247.5-248.0, Aug. 246.0, Sept. 239.5-240.0, Oct. 224.5, Dec. 225.0-228.0.

Soyabean Oil — Oct. 24.65-24.75 (25.34), Dec. 25.50-25.35 (26.05), Jan. 25.70-25.75, March 26.45-26.50, May 26.81-26.90, July 27.50, Aug. 27.50-27.55, Sept. 27.45, Oct. 27.10, Dec. ——.

†Wheat — Dec. 494½-493 (504¼), March 513½-514 (524), May 521-521½, July 518-518½, Sept. 525, Dec. 536.

WINNIPEG, October 2. §Barley—Oct. 138.40 (138.30), Dec. 139.50 (140.20), March 140.40, May 141.30, July 140.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 252.09 (254.34).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

PARIS, October 2.

Cocoa (FFr per 100 kilos)—Dec. 945-950, March 980-990, May 1005-1020, July 1010, Sept. 1075-1090, Dec. 1090. Sales at call: Nil.

Sugar (FFr per 100 kilos)—Dec. 3830, March 4035-4045, May 4020-4030, Oct. 3825-3835. Sales at call: Nil.

ROTTERDAM, October 2.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent: Oct. 217, Nov. 219, Dec. 220, Jan. 229, Feb. 233, March 237. U.S. No. 2 Red Winter: Oct. 208, Nov. 210. U.S. No. 2 Northern Spring, 14 per cent: Oct. 210, Nov. 215, Dec. 221, Jan. 236, Feb. 243, March 247, April-May 228.

Maize—U.S. No. 3 Corn Yellow afloat 158, Sept. 158, Oct. 158, Nov. 161, Dec. 165.50, Jan.-March 172.50, April-June 174, July-Sept. 174, Oct.-Dec. 169.

Soyabeans—U.S. Two Yellow Gulfports: Oct. 319.50, Nov. 323.25, Dec. 332.75, Jan. 339.25, Feb. 346.50, March 349.5, April 354.25, May 355.75, June 356.25, Oct.-Nov. 323, Dec. 328.50, sellers. Argentine afloat 314.50, Oct. 316, sellers.

Soyameal—44 per cent protein U.S.: afloat Sept. 286, Oct. 288, Nov. 292, Nov.-March 301. Brazil Pellets: afloat 290, Oct. 295, Nov. 306, Dec. 310, Nov.-March 312.

INDICES

FINANCIAL TIMES

Oct. 1	Sept. 30	Mnth ago	Year ago
276.30	276.44	273.96	306.18

(Base: July 1, 1952=100)

MOODY'S

Oct. 1	Sept. 30	M'nth ago	Year ago
1313.4	1293.9	1242.4	1174.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 1	Sept. 30	Month ago	Year ago
Spot	465.10	463.27	448.43	419.48
F'tur's	485.72	485.28	469.54	428.62

(Average 1924-25-26=100)

REUTERS

Oct. 2	Oct. 1	M'nth ago	Year ago
1746.8	1748.8	1731.8	1656.3

(Base September 18, 1931=100)

PUBLIC NOTICES

TRADE DESCRIPTIONS ACT 1968
CUTLERY
Notice of an Order under section 36 (2) (a)

The Secretary of State for Trade hereby gives notice of his intention to make an Order under section 36 (2) (a) of the Trade Descriptions Act 1968 specifying, in relation to cutlery, what process is to be regarded for the purposes of section 36 as not resulting in a substantial change.

Copies of the proposed Order may be obtained from the Department of Trade, Consumer Affairs Division, Room 2609, Millbank Tower, Millbank, London SW1P 4QU.

TRADE DESCRIPTIONS ACT 1968
CLOTHING AND TEXTILE GOODS, DOMESTIC ELECTRICAL APPLIANCES, FOOTWEAR AND CUTLERY
Notice of an Order under sections 8 and 9

The Secretary of State for Trade hereby gives notice of his intention to make an Order under sections 8 and 9 of the Trade Descriptions Act 1968, imposing requirements as to information about country of origin to be given with respect to clothing and textile goods, domestic electrical appliances, footwear and cutlery, including information in advertisements for the sale of such goods.

Copies of the proposed Order may be obtained from the Department of Trade, Consumer Affairs Division, Room 2609, Millbank Tower, Millbank, London SW1P 4QU.

Markets generally unable to sustain recent recovery with the exception of Oils and particularly BP

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3

* "New time" dealings may take place from 9 am two business days earlier.

Optimism about an early reduction in domestic interest rates began to fade yesterday and London stock markets were unable to extend the previous two-day rally Publicity given to an investment managers' meeting with GKN resulted in a revival of fears about the company's seond-half trading and final dividend prospects, a pointer which tended to switch emphasis back to the recession in UK manufacturing industry.

The absence of a cut in Minimum Lending Rate came as no surprise, but caused a little disappointment in some quarters. As a result, the FT 30-share index, which registered a loss of 2.5 at noon, drifted off further in the face of occasional offerings to close at the day's lowest with a fall of 4.5 at 478.7. GKN were marked down fairly sharply at the opening but rallied to close only 4 lower on balance at 177p.

Of the sectors, Oil shares again held the limelight, fresh activity being encouraged by the overnight advance in energy stocks on Wall Street. **British Petroleum** and exploration issues were well to the fore in a fresh show of early strength. However, reports emanating from Japan suggesting that Saudi Arabia may increase crude oil production triggered a reaction which left many quotations, apart from BP, only modestly higher on the session.

As with equities, interest in Gilt-edged securities was at a low ebb. Nevertheless, the closing tone was quietly steady with quotations showing sporadic movements in either direction. Here too, the unchanged MLR announcement caused little surprise, while late news of Citibank's increased prime rate to 14 per cent made no impression on sentiment in the after-hours' trade.

Southern Rhodesian bonds pursued diverse trends in a small trade. Those assented to the Zimbabwe Government's settlement offer were generally better with the 3½ per cent 1980-85 up 4 points at £39 and the 4½ per cent 1987-92 a couple of points higher at £22½. The Zimbabwe Settlement Annuity regained Wednesday's fall of 10 points to close at £305. Non-assented bonds, on the other hand, eased a point or two further.

An exceptionally active Traded option business in BP, which attracted 939 deals, boosted the number of contracts completed to 1,984, the highest so far this week. Also in demand were Lonrho and Courtaulds with 405 and 238 trades respectively.

Hambros good

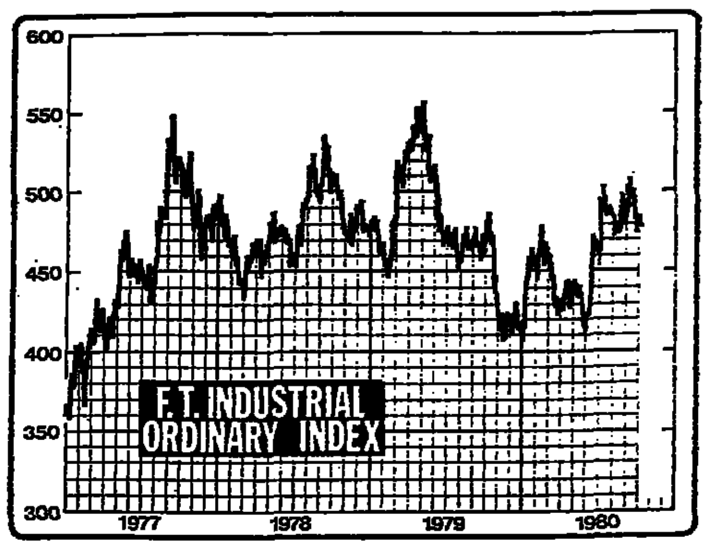
Hambros stood out in Merchant banks with a rise of 28 to 608p following renewed investment demand in a market none too well supplied with stock. Cheaper money hopes helped Hire Purchases improve. **Lloyds and Scottish** gained 3 to 170p and **George Sturla** put on 2½ to 12½p, while **UDT** hardened the turn to 40p. Elsewhere, profit-taking in the wake of the recent good rise on bid hopes left **Royal Bank of Scotland** 3 off at 102p, after 101p. The major clearers drifted lower for want of support. **Lloyds** softened 2 to 340p as did **Midland** to 346p.

A dull market of late following the disappointing interim figures, **Stewart Wrightson** picked up 5 to 215p among Lloyds brokers, where **Christopher Moran** hardened a couple of pence to 26p. **Hambro Life** moved up 8 to 308p in sympathy with the strength of Hambros Bank.

A dull sector on Wednesday after the disappointing beer production figures for August, the Brewery leaders attracted early "cheap" buyers before reverting to around their overnight positions. **Allied** ended a penny better at 79p, but **Wihtbread** shed that amount at 155p. Regional counters turned easier with falls of 3 common to **J. A. Devenish**, 258p, **Matthew Brown**, 124p, and **Vaux**, 133p. The setback in annual profits reported by **Macallan-Glenlivet**, 20 off at 520p, further depressed Wines and Spirits, and **Distillers** fell 5 more to 210p, while **Arthur Bell** declined 6 to 176p.

Armitage Shanks, at 109p, shed the previous day's gain of 5 which followed the Monopolies Commission decision to allow **Blue Circle** to renew its bid for the company; the latter cheapened 2 to 344p. Other Buildings also displayed an easier bias, **Tarmac** and **Ready Mixed Concrete** softening 2 apiece to 268p and 180p respectively, while **Redland** shed 3 to 170p, the last-named following bearish Press comment on its DIY activities. Occasional offerings in front of today's interim results clipped a penny from **Ibstock and Johnsen** at 62p. **Nottingham Brick** remained on offer and, in a thin market, gave up 15 for a two-day fall of 25 at 120p. Among the occasional firm spots, **Wiggins Construct** attracted fresh support and put on 3 to 31p, while **Bryant** added a penny more at 79p.

ICI remained a neglected market and shed 6 to a 1980 low of 340p. Elsewhere in Chemicals, **Wolstenholme Rink** dropped 8 to a low for the year of 114p on



the sharply lower interim profits and the chairman's gloomy statement. **Allied Colloids** eased 3 to 122p, but **Leigh Interests** added that much at 178p.

Austin Reed dull

Demand for Stores remained at a low ebb and most price changes were restricted to a couple of pence either way. Among the leaders, adverse Press comment clipped 3 from **British Home Stores**, 137p, while **Gussies "A"** came on offer and dipped 6 at 452p. Elsewhere, **Currys** continued firmly, adding 3 more to 239p, and further consideration of the interim statement lifted **B. Paradise** to a 1980 peak of 49p before a close of 46p for a net gain of a penny. **Lee Cooper**, interim results expected October 15, rose 10 to 150p, while asset injection prospects helped **Kean and Scott** put on 3 at 98p. The sharp reduction in first-half profits reported by **Austin Reed** proved to be worse than feared and the close was 6 lower at 62p.

Security Centres featured an otherwise drab Electrical sector, rising 11 to 73p on demand ahead of today's annual meeting. **Suter** were favoured at 34½p, up 3½, and **Electronic Rentals** added a similar amount at 105p. The leaders drifted lower as buyers withdrew. **GEC** dipped 7 to 515p and **Thorn EMI** eased 2 to 346p, while **Plessey** gave up 2 also at 230p.

Marked sharply down at the outset to a 1980 low of 170p in reaction to adverse comment, **GKN** steadily rallied as buyers appeared at the lower levels and closed a net 4 down at 177p. **Tubes** encountered selling and fell away to end 10 down at the day's lowest of 228p, while **Vickers** finished a couple of pence off at 128p. **John Brown**, however, were a firm exception at 71½p, up 2. Elsewhere in Engineerings, **Serck** rose 4 to 54p on the revelation that Rockwell International has told the U.S. Justice Department that it will sell its 29.7 per cent holding in Serck over the next 4 years. **Amalgamated Power** firmed 4 to 56p on buying ahead of next Wednesday's interim figures, while similar improvements were seen in **Jones and Shipman**, 72p, and **Pegler Hattersley**, 124p. **APV** rose 7 to 210p but **Westland** lost that much at 130p.

Foods were featured by **Associated Dairies** which fell 10 to 222p on the chairman's profits warning. Other supermarket issues also gave ground, **Tesco** losing 1½ to 55½p and **Kwik Save** 2 to 134p. Elsewhere **Tate and Lyle** drifted off 4 to 158p. Profit-taking clipped 3 from recently firm **Chambers and Fargus**, at 37p, and 2 from **Associated Fisheries**, at 74p.

Alpine pleases

Secondary issues provided the main focal points in miscellaneous industrials. Buoyed by the maintained dividend and better-than-expected half-year profits, **Alpine Holdings** rose 10 to 47p, while **Anglo American Asphalt** firmed 4 to 27p, after 29p, on the encouraging statement which accompanied the preliminary results. Investment buying lifted **Sothebys** 15 to 505p, while **AGB Research** gained a like amount to 235p. Buying on consideration of their North Sea oil interests saw **NCC Energy** (formerly National Carbonising) rise 6 to 74p, at which level the quote was suspended at the company's request pending an announcement. **Elson and Robbins** put on 5 to 68p but **Solicitors Law Stationery** fell 2 to 22p, after 19p, on news of the interim dividend omission and first-half profits setback. Of the leaders, **Metal Box**, which report half-yearly figures next month, lost 8 to 282p, while **Boots**, 226p, and **Unilever**, 488p, eased 5 apiece. **Rank Organisation**, however, improved 4 to 170p.

Associated Newspapers reacted to comment on the proposed merger of the London evening papers and lost 11 of the previous day's gain of 24 to close at 298p. **Trafalgar House** shaded to 70p.

Movements in Properties were restricted to secondary issues among which **Apex** added 4 at 158p and **Marler Estates** firmed 3 to 91p, the last-named pending the outcome of bid approaches to the company. **Town and City** came in for fresh support and added ½ at 25p, but small selling clipped 3 from **London Shop Property**, at 93p.

BP strong

Contrasting sharply with the prevailing subdued conditions elsewhere in equity sectors, Oils enjoyed another firm and active session in which **British Petroleum** attracted useful support and put on 22 to 414p. Gains in other issues were usually pared by profit-taking, but **Sovereign** closed 18 higher at 378p. **Ultramar** finished 8 dearer at 440p, after 448p, while **Charterhall** added 4 more to 87p. Onshore explorers **Candecca**, 246p, and **Carless Capel**, 188p, put on 6 apiece to 246p and 188p respectively, but **KCA International** closed a net penny cheaper at 168p, after 173p. Canadian oils had **Double Eagle** 90 to the good at 810p and **Warrior Resources** 30 higher at 440p on speculation about the recent Alaskan oil find.

Selected Textiles made headway on scattered support. Call option business helped **Radley Fashion**, 6 better at 30p, while **Bond Street Fabrics** firmed 3 to 26p. Further consideration of the annual results left **A. Beckman** 2 harder at 54p, but the increased first-half loss and chairman's gloomy view about prospects clipped a penny from **British Enkalon** at 8p. Recently firm **Harold Ingram** ran into a bout of profit-taking and shed 3 at 27p.

Golds lower

The $10 fall in the bullion price to $670.50 an ounce prompted widespread losses in South African Golds.

The share market got off to a poor start as prices drifted on profit-taking and lack of interest. This trend continued until just prior to the afternoon gold fix when sizeable selling, thought to have emanated from the U.S., caused substantial losses throughout the list.

In the after-hours trading, however, the market steadied on short and cheap buying and prices finished well above the day's lows. The Gold Mines index registered an 8.5 fall at 515.8.

In the heavyweights, **West Driefontein** and **Western Holdings** were both around a point lower at £48½ and £47¾ respectively, while **Hartebeest** dropped ¾ to £43¼ and **Venterspost** a half-point to £10⅞.

The London-based Financials registered substantial losses but produced a feature in **Gold Fields** bearer, which jumped 50 to 750p following aggressive attempted buying from Continental sources; Gold Fields registered shares met profit-taking and declined 12 to 650p. **RTZ** slipped 8 to 450p and **Charter** eased 5 to 273p.

Platinums were featured by **Rustenburg**, which advanced 14 to 356p in the wake of American support.

Australians were generally firmer. **Pancontinental Mining** moved up 20 to 415p, after 420p, reflecting the successful market debut by its 52 per cent owned oil and gas subsidiary **Pancontinental Petroleum**.

Peko-Wallsend added 15 to 580p on the company's participation in the new A$3bn oil-from-coal liquefaction plant in Queensland. **Oil Company of Australia**, also involved in the new project hardened 2 to 22p.

Golds, however, were under pressure with **GMK** 20 off at 525p, **Poseidon** 10 cheaper at 328p and **North Kalgurli** 6 lower at 109p.

Tins staged a fresh advance led by **Gopeng**, which jumped 40 more to 770p on bid speculation. **Malayan Tin** rose 14 to 120p and **Berjuntal** 10 to 245p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	13	414	+22	414	320
Charterhall	5p	8	87	+ 4	88	52½
GKN	£1	8	177	− 4	279	170
BTR "New"	Nil/pd.	7	48pm	− 2	50pm	42pm
RTZ 9½pc Cnv. Ln. 1995-2000	Nil/pd.	7	£6½pm	− 2	£15pm	£6½pm
Royal Bank Scot.	25p	7	102	− 2	105	75
Ultramar	25p	7	440	+ 8	445	206
KCA Intl.	25p	6	168	− 1	173	41
LASMO	25p	6	770	+ 2	830	337
Charterhouse Pet.	25p	5	98	+ 2	98	72
Distillers	50p	5	210	− 5	235	184
GEC	25p	5	515	− 7	540	326
ICI	£1	5	340	− 6	402	340
Lonrho	25p	5	114	− 1	115	72
Rank Organisation	25p	5	170	+ 4	228	146

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19
Oct. 20	Oct. 31	Jan. 22	Feb. 2

For rate indications see end of Share Information Service

Money was given for the call in Dunlop, Howard Tenens, Radley Fashion, Lee Cooper, Charterhall, Lofs, Lonrho, Babcock Intl., Shackleton, FNFC, Serck, Double Eagle, William Press, Charterhouse Petroleum, UDT, Robertson Foods, Muirhead and BP. A put was arranged in Glynwed and a double was struck in Charterhall.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thurs., Oct. 2, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Oct. 1 Index No.	Tues., Sept. 30 Index No.	Mon., Sept. 29 Index No.	Fri., Sept. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	280.48	−0.7	15.73	5.90	7.72	282.38	279.56	278.22	281.17	245.78
2	Building Materials (28)	247.68	−0.7	19.02	6.92	6.26	249.36	247.71	249.37	253.85	241.48
3	Contracting, Construction (27)	413.23	−0.1	22.26	6.00	5.29	413.72	411.44	415.07	420.24	384.16
4	Electricals (17)	859.18	−1.2	11.36	3.10	10.82	869.90	863.70	848.83	857.35	630.38
5	Engineering Contractors (11)	343.92	+0.6	18.00	7.57	7.08	341.92	336.48	337.42	337.68	336.11
6	Mechanical Engineering (72)	178.02	−0.3	16.30	7.57	7.49	178.52	175.33	175.08	176.24	165.34
8	Metals and Metal Forming (16)	157.17	−0.3	18.58	10.32	6.70	157.65	155.84	155.78	157.19	163.94
	CONSUMER GOODS										
11	(DURABLE) (48)	238.87	−0.3	15.41	5.26	8.87	239.55	235.69	234.78	237.66	241.62
12	Lt. Electronics, Radio, TV (14)	369.41	−0.2	12.90	3.74	11.77	370.02	363.11	361.12	365.33	348.61
13	Household Goods (13)	88.46	+0.2	25.57	11.11	4.94	88.31	87.18	87.70	88.12	143.34
14	Motors and Distributors (21)	96.45	−0.8	22.65	9.70	5.08	97.24	96.52	96.52	98.05	111.75
	CONSUMER GOODS										
21	(NON DURABLES) (171)	236.38	−0.7	17.41	6.85	6.94	238.03	237.96	237.94	239.98	244.58
22	Breweries (14)	276.57	+0.1	16.44	6.66	7.10	276.31	282.29	283.62	286.95	296.78
23	Wines and Spirits (5)	306.43	−2.2	19.97	6.65	5.92	313.46	317.89	322.92	323.68	332.32
24	Entertainment, Catering (17)	338.91	−0.2	17.10	6.60	7.20	339.51	338.27	338.86	341.04	324.60
25	Food Manufacturers (22)	217.61	−0.6	18.44	6.97	6.39	218.96	217.91	218.75	219.75	218.39
26	Food Retailing (13)	381.64	−1.8	12.26	4.07	9.70	388.49	387.84	388.59	391.99	320.91
32	Newspapers, Publishing (12)	449.30	−1.6	20.91	7.11	6.40	456.79	441.86	442.32	445.87	438.22
33	Packaging and Paper (15)	124.55	−1.0	28.08	10.48	4.15	125.83	126.89	126.38	128.39	134.85
34	Stores (44)	234.50	−0.6	13.13	5.37	9.94	235.85	235.19	233.58	235.61	243.76
35	Textiles (21)	118.34	−0.9	26.47	13.02	4.60	119.37	119.01	118.87	119.85	155.73
36	Tobaccos (3)	221.87	−0.7	25.87	10.49	4.40	223.33	220.38	220.38	222.87	248.72
37	Toys and Games (5)	27.99	—	8.03	13.62	28.78	27.99	27.12	26.43	24.85	68.76
41	OTHER GROUPS (98)	219.71	−0.6	15.96	7.12	7.50	220.93	219.35	219.36	222.03	212.38
42	Chemicals (16)	298.95	−1.1	17.73	8.12	6.59	302.36	301.93	301.44	306.37	298.98
43	Pharmaceutical Products (7)	230.16	−1.6	10.90	6.02	11.35	233.95	233.17	233.13	236.54	235.29
44	Office Equipment (6)	103.61	+1.3	19.72	8.01	5.92	102.26	98.96	97.01	98.25	123.60
45	Shipping (10)	558.72	+0.1	13.65	6.53	8.95	558.27	555.16	563.21	568.08	471.38
46	Miscellaneous (59)	278.96	+0.1	16.72	6.70	7.28	278.56	275.47	275.99	278.06	251.12
49	INDUSTRIAL GROUP (488)	251.14	−0.6	16.48	6.53	7.39	252.73	251.30	250.89	253.41	244.40
51	Oils (12)	881.65	+3.4	27.26	5.96	4.09	853.01	850.55	837.01	851.09	733.40
59	500 SHARE INDEX	301.02	+0.3	18.95	6.40	6.23	300.25	298.73	297.30	300.73	283.49
61	FINANCIAL GROUP (118)	250.61	—	—	5.23	—	250.65	247.60	247.74	249.54	201.15
62	Banks (6)	251.42	−0.6	40.64	6.70	2.94	252.96	249.79	249.86	251.80	235.81
63	Discount Houses (10)	296.16	−0.4	—	5.99	—	297.26	290.42	291.30	293.79	255.56
64	Hire Purchase (5)	226.00	+1.4	10.98	4.47	12.29	222.98	221.70	221.98	222.75	186.48
65	Insurance (Life) (10)	262.99	+0.2	—	5.01	—	262.38	257.35	257.79	260.54	166.73
66	Insurance (Composite) (9)	178.05	−0.1	—	6.38	—	178.20	175.76	176.18	177.65	132.28
67	Insurance Brokers (9)	345.24	+0.5	13.42	6.71	10.21	343.45	334.66	334.08	337.03	286.27
68	Merchant Banks (13)	145.28	+0.9	—	5.27	—	143.95	143.08	144.21	145.40	102.68
69	Property (45)	457.98	+0.1	3.13	2.61	44.57	457.62	454.08	452.93	456.73	376.82
70	Miscellaneous (11)	152.90	—	16.80	6.06	7.57	152.87	152.38	152.49	152.65	125.38
71	Investment Trusts (109)	274.00	+0.5	—	5.31	—	272.57	269.16	271.69	275.56	220.65
81	Mining Finance (3)	266.59	−1.8	13.33	4.91	8.94	271.42	265.58	268.13	269.79	137.71
91	Overseas Traders (20)	459.75	—	10.94	6.43	11.02	459.56	456.62	457.57	457.22	357.64
99	ALL-SHARE INDEX (750)	292.87	+0.2	—	6.07	—	292.41	290.26	289.58	292.59	260.26

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Oct. 2	Day's change %	Wed., Oct. 1	xd adj. today	xd adj. 1980 to date
1	Under 5 years	107.23	−0.06	107.29	—	7.62
2	5-15 years	113.25	+0.00	113.25	—	9.59
3	Over 15 years	119.29	+0.05	119.14	—	10.19
4	Irredeemables	133.25	+0.07	133.16	—	9.02
5	All stocks	112.99	+0.00	112.99	—	9.00

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs., Oct. 2	Wed., Oct. 1	Year ago (approx.)
1	Low Coupons	5 years	11.59	11.58	10.17
2		15 years	11.58	11.57	10.70
3		25 years	11.58	11.57	11.22
4	Medium Coupons	5 years	12.97	12.93	12.16
5		15 years	13.17	13.17	12.28
6		25 years	12.98	12.94	12.40
7	High Coupons	5 years	13.13	13.10	12.56
8		15 years	13.39	13.39	12.77
9		25 years	13.17	13.16	12.66
10	Irredeemables		11.14	11.15	11.06

		Thurs., Oct. 2 Index No.	Yield %	Wed. Oct. 1	Tues. Sept. 30	Mon. Sept. 29	Friday Sept. 26	Thurs. Sept. 25	Wed. Sept. 24	Tues. Sept. 23	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.71	†13.80	53.88	53.80	53.93	53.96	53.97	53.95	54.02	57.61
16	Investment Trust Prefs. (15)	51.52	13.14	51.78	51.78	51.78	51.78	51.78	51.78	51.79	50.89
17	Coml. and Indl. Prefs. (20)	67.91	13.20	68.18	68.12	68.12	68.12	68.15	68.18	68.24	68.47

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

FINANCIAL TIMES STOCK INDICES

	Oct. 2	Oct. 1	Sept. 30	Sept. 29	Sept. 26	Sept. 25	Year ago
Government Secs.	[illegible]						
Fixed Interest	[illegible]						
Industrial Ord.	[illegible]						
Gold Mines	[illegible]						
Ord. Div. Yield	[illegible]						
Earnings, Yld. % (full)	[illegible]						
P/E Ratio (net)	[illegible]						
Total bargains	[illegible]						
Equity turnover £m.	[illegible]						
Equity bargains total	[illegible]						

[illegible]

HIGHS AND LOWS

[illegible]

S.E. ACTIVITY

[illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (69)

[illegible]

NEW LOWS (33)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]		
Corpns., Dom. and Foreign Bonds	[illegible]		
Industrials	[illegible]		
Financial and Prop.	[illegible]		
Oils	[illegible]		
Plantations	[illegible]		
Mines	[illegible]		
Others	[illegible]		
Totals	[illegible]		

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a)(h)
41, Broad St., St. Helier, Jersey. 0534-73741

[illegible]

Gartmore Fund Managers (Far East) Ltd. (a)(h)

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.8	56.8	+0.8	2.55
Abbey Capital	42.8	46.3	-0.2	5.29
Abbey General	53.5	57.8	-0.4	5.43
Abbey Gilt & F.I. Tst.	113.7	119.7	.....	11.43
Abbey Income	33.4	36.1xd	-0.1	9.58
Abbey W'Wide Bd Tst.	91.8	97.3	+0.1	6.90
Abbey Inv. Tst. Fnd.	46.6	50.4	+0.1	5.04
Equitas Prog. Tst.	82.0	88.7	-0.2	4.86

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	93.0	97.9	-0.1	12.99

Allied Hambro Ltd. (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	86.5	92.6	.....	5.99
Brit. Inds. Fund	77.5	82.9	.....	6.27
Growth & Income	48.3	51.7	-0.1	5.38
Elect. & Ind. Dev.	43.3	46.3	+0.1	5.29
Allied Capital	91.3	97.7xd	+0.3	4.55
Hambro Fund	132.7	142.0	-0.5	6.11
Hambro Acc. Fund	170.3	182.2	-0.3	4.94
Income Funds				
High Yield Fd.	64.2	68.7xd	.....	10.04
High Income	76.2	81.5xd	-0.2	7.79
A. H. Eq. Inc.	44.6	47.7	-0.1	7.61
Govt. Secs.	26.7	27.4	.....	11.61
International Funds				
International	33.1	35.4	+0.4	3.05
Pacific Fund	57.2	61.7	+0.5	2.01
Secs. Of America	64.6	69.1	+0.7	2.60
Specialist Funds				
Smaller Co.'s Fd.	52.2	55.9	+0.2	4.56
2nd Smlr. Co's Fd.	60.8	65.1xd	+0.2	4.61
Recovery Sits.	128.0	137.0	-0.1	6.05
Met. Min. & C'dty.	73.3	78.4	+1.3	3.76
Overseas Earnings	67.5	72.2	-0.1	5.33
Exempt Funds				
Income Exempt	—	90.0	.....	8.50
Far East Exempt	63.5	66.0	+0.4	2.27
Smaller Co. Exempt	80.2	84.2xd	+0.2	4.75
U.S.A. Exempt	112.9	117.4xd	+0.9	2.98

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	66.6	71.2xd	.....	4.75

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	145.0	155.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	31.2	33.6	.....	—
Commodity***	98.7	106.6	+3.6	2.60
(Accumulation)	152.7	164.9	+5.6	2.60
(10% Withdrawal)	77.3	83.5	+3.0	2.60

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	56.7	40.1	-0.1	11.27
North American	54.8	59.2xd	+0.8	2.91
Canadian Exempt*	59.8	63.3	.....	3.73
Canadian Trust	60.3	65.2	+0.4	2.75
Med Mount High Inc.*	48.1	50.9	.....	9.48
Recovery	59.4	64.7	+0.5	6.67
Gilt Trust	44.8	46.8	.....	12.38

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	34.2	36.9	+0.7	1.02
Cres. Internat'l.	69.5	75.0	+0.5	2.33
Cres. High. Dist.	42.9	45.2	.....	11.28
Cres. Reserves	50.4	54.4	-0.1	5.51
Cres. Tokyo	24.3	26.2xd	+0.2	0.72

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.0xd	.....	12.34

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Sept. 26	219.5	234.2	.....	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	+3.8	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	84.6	89.0	-0.1	4.96

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	29.1	31.2	+0.7	1.05
Gilt + Fixed Int.	26.0	27.4	.....	11.97
Growth + Income	31.0	33.4	-0.1	7.25
Special Sits.	36.7	39.5xd	+0.4	2.25

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	34.6	37.2xd	.....	3.60
Accum. Units	42.6	45.7xd	.....	3.60
J. Finlay High Income	33.7	36.2xd	.....	10.89
J. Finlay Euro.Fin.	21.0	22.6xd	.....	4.05
Accum. Units	26.2	28.2xd	.....	4.05
J. Finlay Fd.In.Tst.	37.3	40.1xd	.....	5.56
Accum. Units	46.0	49.5	.....	5.66

Prices on Sept. 30. Next dlg. Oct. 8

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen. Sept. 29	65.8	70.2	.....	0.94
Am. T'around Sept. 29	61.0	65.2	.....	1.83
Capital Tst.	57.0	60.8xd	+0.2	5.52
(Accum. Units)	59.2	63.2	+0.2	5.52
Extra Income Trust	49.2	52.6	.....	10.38
Income Tst.	39.0	41.6	+0.2	8.53
Int. Growth Fd.	53.8	57.4	+0.6	1.86
(Accum. Units)	57.2	61.0	+0.6	1.86

Friends' Provdt. Trust Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	59.1	63.2	-0.1	4.40

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	57.5	61.0	+0.8	2.12
(Accum. Units)	61.0	64.7	+0.9	2.12
American Recovery	58.8	62.9	+0.3	2.08
(Accum. Units)	59.9	63.5	+0.4	2.08
Australasian	119.9	127.7xd	+0.4	0.71
(Accum. Units)	125.2	133.3	+0.4	0.71
Commodity	134.4	143.1xd	+1.2	3.04
(Accum. Units)	156.2	166.3	+1.4	3.04
Compound Growth	166.2	178.7	+0.6	3.67
Conversion Growth	115.1	122.6	+1.1	2.61
Conversion Inc.	75.0	79.9	+0.7	9.56
Dividend	134.9	145.0	+1.5	9.13
(Accum. Units)	299.1	310.9	+3.2	9.13
European	66.3	70.6	+0.6	3.49
(Accum. Units)	71.7	76.4	+0.7	3.49
Extra Yield	83.2	89.4xd	+0.5	10.43
(Accum. Units)	130.3	140.1	+0.8	10.43
Far Eastern	89.6	95.4xd	+0.5	1.67
(Accum. Units)	102.2	108.8	+0.6	1.67
Fund of Inv. Tsts.	87.6	94.2	-0.1	4.66
(Accum. Units)	115.6	124.3	-0.2	4.66
General	224.3	241.1	+1.7	5.88
(Accum. Units)	379.7	408.2	+2.9	5.88
High Income	111.5	118.8	+0.9	9.83
(Accum. Units)	214.5	228.4	+1.8	9.83
Japan	143.6	152.9	+0.5	2.15
(Accum. Units)	150.0	159.8	+0.6	2.15
Magnum	349.6	389.9	+4.8	4.04

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	60.6	64.5	.....	5.25
Accum. Units	77.2	82.1	.....	5.25

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4. 01-623 4951.

Unvl Gth Tst Acc	36.5	38.9	.....	7.74
Unvl Gth Tst Inc.	28.1	29.9	.....	7.74

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	76.3	81.3	+0.7	1.51
Accum. Units	83.9	89.5	+0.8	—
Withdrawal Units	53.7	57.3	+0.5	—
*Stewart British Capital Fund				
Standard	174.7	185.0	.....	6.95
Accum. Units	203.3	215.4	.....	6.95

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Ex. Eq. Sept. 10	£319.40	336.30	.....	4.68
♥The Family Fd.	128.5	136.7	-0.1	4.87

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.

Charterhouse Magna Gp.♥
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272

Chrtse Energy		59.9	.....	+2.3
Magna Bld. Soc.		156.5	.....	—
Magna Managed		167.4	.....	—

Cheltham Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	171.79	180.84	+0.93	2.03
Managed Income	83.26	87.63	+0.07	—
International (z)	112.93	118.87	+1.01	—
High Income	83.67	88.08	.....	—
Income & Growth	80.73	84.98	+0.36	—
Basic Resources	182.57	192.18	+0.80	—
American (z)	125.93	132.56	+2.33	—
Far Eastern (z)	115.07	121.13	+0.95	—
Cash	109.87	115.66	.....	—

City of Westminster Assurance
Ashton House, 499, Silbury Boulevard, Milton Keynes, MK9 2LA. 0908-606101

	Series (2)			(1) Bid
West Prop. Fund	87.8	92.5	.....	83.7
Managed Fund	212.3	223.5	.....	208.1
Equity Fund	67.4	71.0	+0.1	66.1
Farmland Fund	87.7	92.8	.....	83.3
Money Fund	147.0	154.8	.....	147.3
Gilt Fund	83.5	87.9	+0.1	83.6
Black Gold Fd.	110.6	116.4	+0.9	110.6
PULA Fund	222.7	227.1	.....	222.7
Soc. Prop. Units	74.6	78.3	.....	74.6

Legal & General (Unit Assur.) Ltd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU. Burgh Heath 53456

Cash Initial	105.8	111.4	.....	—
Do. Accum.	116.2	122.4	+0.1	—
Equity Initial	167.3	176.2	.....	—
Do. Accum.	183.7	193.4	.....	—
Fixed Initial	151.4	159.4	.....	—
Do. Accum.	166.2	175.0	.....	—
Intl. Initial	133.3	140.4	+1.6	—
Do. Accum.	144.0	151.6	+1.7	—
Managed Initial	156.8	165.1	+0.1	—
Do. Accum.	172.1	181.2	+0.1	—
Property Initial	125.0	131.6	.....	—
Do. Accum.	137.2	144.5	.....	—
Legal & General (Unit Pensions) Ltd.				
Exempt Cash Init.	120.8	127.2	.....	—
Do. Accum.	132.1	139.1	.....	—
Exempt Eqty. Init.	212.7	223.9	.....	—
Do. Accum.	232.5	244.8	.....	—
Exempt Fixed Init.	175.1	184.4	.....	—
Do. Accum.	191.5	201.6	.....	—
Exempt Mngd. Init.	200.3	210.9	.....	—
Do. Accum.	219.0	230.6	.....	—
Exempt Prop. Init.	130.1	137.0	.....	—
Do. Accum.	142.3	149.8	.....	—

Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St., EC4N 4TP. 01-248 9678

L&G Aug. 1	108.6	113.4	.....	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sel. Mkt. Fd. Cap.	107.8	113.9	.....	—
Sel. Mkt. Fd. Std.	130.4	137.7	.....	—
Pension Equity	169.1	174.2	.....	—
Pension Fxd. Int.	146.0	150.5	.....	—
Deposit Fd. Acc.	57.0	60.1	.....	—
Equity Fd. Cap.	52.5	55.3	.....	—
Equity Fd. Acc.	59.0	62.2	.....	—
Fxd. Int. Cap.	49.9	52.6	.....	—
Fxd. Int. Acc.	52.4	56.4	.....	—
Intnl. Cap.	38.5	40.6	.....	—
Intnl. Acc.	44.4	46.8	.....	—
Managed Fd. Cap.	51.0	53.7	.....	—
Managed Fd. Acc.	56.8	59.9	.....	—
Property Fd. Cap.	69.9	73.7	.....	—
Property Fd. Acc.	75.7	79.8	.....	—

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prov. Managed Fd.	149.6	157.5	.....	—
Prov. Cash Fd.	125.8	132.5	.....	—
Gilt Fund	136.5	143.7	+0.3	—
Property Fund	130.3	137.2	.....	—
Equity Fund	137.5	144.8	-0.2	—
Fxd. Int. Fund	115.5	121.6	+0.1	—

Prudential Pensions Limited♦
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Sep. 19	35.96	37.07	.....	—
Fixed Int. Sept. 19	24.00	24.35	.....	—
Prop. Fd. Sept. 19	40.85	42.09	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.		296.3	.....	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	159.0	169.1	.....	—

Next sub. period Sept. 30/Oct. 15

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		120.5	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	94.4	99.3	.....	—
Accum. Pen. Units	140.4	147.7	.....	—
Flex. Inv. Growth	121.5	127.9	.....	—
Future Assd Growth	26.0(A)	58.0(B)	.....	—
Ret. Ass'd Pen.		£31.59	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$170.07	172.38xd	.....	1.29

Next dealing Oct. 31.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$12.97	.....	—

Net asset value Sept. 29

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.26	10.27	.....	11.17
AHR Gilt Edg. Fd.	£12.24	12.30	-0.01	13.02

INSURANCE PROPERTY BONDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	62¼	Aust. 5½pc '81-82	89¾	......	6.16	13.65
35¼	72½	Do. 6pc 1981-83	84¼	......	7.29	12.77
67	58	N.Z. 7¼pc 1988-92	66½	+¼	11.21	13.24
81½	72	Do. 7½pc '83-86	81½	+¼	9.46	12.69
96¾	88	Sth. Africa 9½pc '79-81	93¾xd	......	10.07	15.32
160	95	S. Rhod. 2½pc Non-Ass.	97	−1	—	30.33
169	133	Do. 6pc '78-81 N.-As.	142	−1	—	29.93

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
11½	850p	Hudson's Bay ||	670pxd	......	φ$1.20	—	5.2
14¼	925p	Hud. B. Oil G. $2½	11½	+¼	h57½	—	1.9
21⅞	15⅛	Imperial Oil||	15⅛	+⅛	$1.40	—	3.5
14	855p	Incol	10⅛	−¼	72c	—	2.7
565p	425p	Int. Nat. Gas $1	485p	−10	$1.00	—	7.8
495p	250p	Massey Ferg.||	280#	......	—	—	—
200p	97p	Place Gas $1	100p	......	—	—	—
14⅞	10½	Rio Algom	13⅞	......	$1.50	—	4.2
19¾	14¼	Royal Bk. Can. $2	18¾xr	......	$2.56	—	5.2
25⅞	15⅞	Seagram Co. C$1	24⅝	......	$US1.30	—	2.0
12	890p	Tor. Dom. Bk. $1	10⅞xd	......	$1.44	—	5.0
10½	785p	Trans Can. Pipe	785p	−5	$1.16	—	5.6

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796

Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: Setanta Hse., Kildare St., Dublin 2. Telex: 747111 Tel: 779801 ext. 249

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1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
164	109	Daejan (Hldgs).	159	−1	3.5	3.9	3.1	11.7
25	15½	Dares Estates 10p.	21½	......	†1.13	2.1	7.7	(7.2)
114	74	Dorrington 10p.	114	......	4.0	1.6	5.0	17.8
128	88	Ests. & Agency.	118	......	1.0	2.8	1.2	70.5
43	25	Ests. & Gen. 20p.	37xd	......	1.4	2.2	5.4	12.0
180	121	Ests. Prop. Inv..	161xd	......	6.25	ϕ	5.5	ϕ
146	100	Evans Leeds	143	......	3.0	2.4	3.0	19.9
302	174	Fairview Ests. 10p	295	......	†7.91	7.7	3.8	3.5
95	48	Fed. Land	83xd	......	†3.15	1.8	5.4	(12.1)
23	18	Finance & Ind. 10p	19	......	1.5	ϕ	11.3	ϕ
240	149	Gt. Portland 50p.	224	+2	H5.0	1.3	3.2	42.4
63	43½	Green (R.) 10p.	59	......	†d1.87	3.0	4.5	10.5
14¼	10	Greencoat 5p....	14½	+¼	—	—	—	7.9
160	94	Greycoat Ests. 10p	146	......	0.32	3.7	0.3	—
575	343	Hammerson 'A'	570	+5	M9.0	1.3	2.3	72.6
38	25	Hardley Ind. Tst. 20p	25	......	—	—	—	17.4
378	262	Haslemere 10p.	376	+2	5.2	2.2	2.0	29.1
*164½	82	HK Land, HK$5	148½	......	MQ46c	1.2	2.3	36.2
805	480	Imry Property..	805	......	7.5	1.7	1.3	63.8
80	55	Jermyn Invest....	80	......	1.62	1.1	2.9	45.0
85	38	Kent (M.P.) 10p..	80	−1	†b1.37	4.4	2.4	9.9
*45	31	Laganvale Ests. 10p	40	......	—	—	—	●
196	118	Laing Props. 'A'	192	......	3.5	1.7	2.6	30.5
65	43½	Land Invest.	60½	......	1.0	ϕ	2.4	ϕ
397	257	Land Secs. 50p.	378	......	7.8	1.2	2.9	39.2
£313	£184	Do. 5¾pc Cnv. '85.	£291	+2	Q5¾%	15.5	f2.0	—
£263	£154	Do. 6¼%Conv. '85.	£242	+3	Q6¼%	15.5	f2.6	—
£236	£163	Do.10%Conv.'95	£225	......	Q10%	15.5	F4.5	—
90	53	Law Land 20p..	83xd	−1	†1.25	—	2.2	—
204	135	Lend Lease 50c	194	......	Q30%	ϕ	4.1	ϕ
402	226	Lon. Prov. Sh. 10p.	392	......	†1.61	2.6	0.6	92.9

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	21	Acmex 50c	28	......	—	—	—
24	12	ACM 20c	19	......	—	—	—
152	52½	Bond Corp.	152	......	Q7½c	ϕ	2.6
156	88	Bougainville I Kina.	120	−2	†tQ52c	1.0	11.1
*347	221	CRA 50c	316	+2	tQ15c	2.1	8.3
25	11½	Canada Northwest.	18	......	—	—	—
42	8	Carr Boyd 20c	31	−1	—	—	—
395	152½	Central Pacific	390xc	+5	—	—	—
41	17	Cultus Pacific N.L.	30	......	—	—	—
52	20	Eagle Corp. 10c...	43	−2	—	—	—
28	15¾	Endeavour 20c	26½	......	—	—	—
600	175	G. M. Kalgoorlie 25c	525	−20	Q13c	ϕ	1.3
46	15	Great Eastern	26½	......	—	—	—
245	130	Hampton Areas 10p	220	−5	h2.25	2.4	1.5
204	30	Haoma Gold N.L.	180	+2	—	—	—
62	15	Intl. Mining	47	......	—	—	—
720	80	Leichardt Expln.	130	−10	—	—	—
30	7	Metals Energy	22	......	—	—	—
91	41	Metals Ex. 50c	82	+1	Q3c	ϕ	1.9
32	8½	Metramar Mns. 20cts.	29	−3	—	—	—
264	150	M.I.M. Hldgs. 50c	257	+2	bQ24c	ϕ	4.9
21	7	Minefields Expl. 25c.	16	......	—	—	—
155	60	Mount Lyell 25c	116	......	Q15c	ϕ	6.9
28	15	Newmetal 20c	20	......	—	—	—
55	13	Nickelore N.L.	38	......	—	—	—
214	137	North B. Hill 50c.	196	+7	Q18c	ϕ	4.8
119	44½	Nth. Kalgurli	109	−6	—	—	—
165	90	Nth. Mining Corp.	130	......	—	—	—
184	24	N. West Mining N.L.	163	+2	—	—	—
235	144	Oakbridge $A1	162	......	Q12c	4.7	3.4
153	70	Oilmin N. L.	130	......	—	—	—
240	128	Pacific Copper	206	+4	—	—	—
465	255	Pancont'l 25c	415	+20	—	—	—
78	42	Paringa M&Ex.5p	62	+1	—	—	—
580	335	Peko-Wallsend 50c.	500	+15	tQ17.5c	ϕ	1.6
230	140	Seltrust A	152	......	—	—	—
150	57½	Southern Pacific.	147xc	......	—	—	—
100	31	Swan Resources 20c.	90	−2	—	—	—
34	8	West Coast 25c	24	......	—	—	—
313	177	Westn. Mining 50c.	285xd	−1	Q14c	ϕ	2.5

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	−2	—	—	—
97	52	Barymin	55	......	—	—	—
17	12	Burma Mines 10p	15	+1	0.62	1.1	6.0
287	53	Colby Res. Corp.	277	+37	—	—	—
502	285	Cons. Murch. 10c.	360	......	hQ100c	1.8	15.9
180	80	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	490	+10	—	—	—
*486	322	R.T.Z.	450xr	−3	t16.0	3.2	5.1
48	16	Robert Mines	48	+3	—	—	—
112	91	††SPO Minerals 10p	98	......	—	—	—
58	26	Sabina Inds. C$1.	37	......	—	—	—
51	31	††SWCM 10p	42	+3	—	—	—
650	411	Tara Exptn. $1	570	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

$$ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	35	......	Conv. 9% '80/82	£94	......
Bertam	15	......	Nat. 9¾% 84/89	£82¾	−¼
Bdg'wtr. Est. 50p.	455	......	Fin. 13% 97/02	£90	+½
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	57	......	Arnott	210	......
Finlay Pkg. 5p	27	......	Carroll (P.J.)	78	+1
Graig Ship. £1	£15½	+½	Clondalkin	130	......
Higsons Brew	72	......	Concrete Prods.	85	......
Holt (Jos) 25p	258	......	Helton (Hldgs.)	36	......
I.O.M. Stm. £1	155	......	Ins. Corp.	275	......
Pearce (C. H.)	460	......	Irish Ropes	38	......
Peel Mills	46	......	Jacob	53	+1
Sheff. Refrsmt	99	......	T.M.G.	70	......
Sindall (Wm.)	141	......	Unidare	75	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	3		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¾	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	39	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd.	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Friday October 3 1980

Thatcher chooses adviser

By David Marsh

MRS. MARGARET THATCHER has asked Professor Alan Walters, a monetary economist at present working in the U.S., to become her personal economic adviser.

The move is likely to cause discomfiture at the Treasury and Bank of England. It emphasises Mrs. Thatcher's growing determination since the summer surge in the money supply to take a more vigorous line in steering economic policy making directly from 10 Downing Street.

Professor Walters, who was born in Leicester and has taught at the London School of Economics, is at present teaching at the John Hopkins University in Baltimore. He has a reputation as a tough monetarist. Full details of his contract have not yet been worked out, but he is expected to join the Prime Minister's staff around the end of the year.

Mrs. Thatcher this week has already shown her desire to extend her circle of policy advisers by inviting a group of foreign central bankers and academics for Downing Street talks on monetary control.

These talks have come during a week when Sir Geoffrey Howe, the Chancellor, and Mr. Gordon Richardson, the Governor of the Bank of England, have been out of the country attending the annual meeting of the World Bank and International Monetary Fund in Washington.

Mrs. Thatcher has made no secret of her disappointment at the 8 per cent surge in the money supply during July and August after the abandonment of the corset controls on the banks. This has already led to tension between Whitehall and the Bank of England.

Mrs. Thatcher has also underlined her desire to tighten personal control of economic policy by calling during the last few weeks for personal advice on monetary issues from senior Whitehall officials and City experts.

Prof. Walters, provided informal advice to Mrs. Thatcher and Sir Keith Joseph, the Industry Secretary, before the Conservatives came to office. He became known as a virulent critic of the monetary policies of the Heath and Wilson governments.

News of his new job—which is revealed in the latest issue of *Now* magazine — may be unsettling for the Treasury.

The presence of another adviser close to Mrs. Thatcher may provide either competition or reinforcement — or both—for Prof. Terry Burns, the Treasury's chief economic adviser, who was appointed at the beginning of the year.

Underlying rise of $233m registered last month

UK reserves fall by $654m

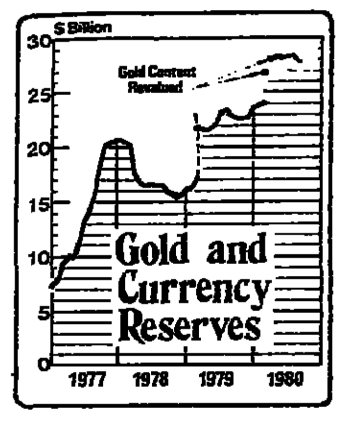
BY DAVID MARSH

BRITAIN'S official reserves of gold and foreign currencies fell $654m last month to $27.64bn as the Government repaid ahead of schedule a large chunk of foreign debt.

Allowing for this and other external public sector transactions, the reserves registered an underlying rise of $233m during September.

This rise — the largest monthly increase since May—reflects a variety of foreign transactions carried out by the Bank of England and not only intervention on the foreign exchange market.

But its suggests that the Bank was at times last month buying fairly large amounts of foreign exchange to smooth the rise of the pound during its climb to a 5½ year high against the dollar and other major currencies.



The large debt repayment which depressed the reserves last month reflected early payment of a further $900m of a $1.5bn Eurodollar loan originally raised by the Labour Government in 1977. A first portion of $250m was repaid in August.

Other public-sector borrowers made repayments of $87m last month, while new borrowings under the official exchange cover scheme came to $100m.

The Bank intervenes on the foreign exchanges to try to smooth excessive day-to-day fluctuations rather than to hold the pound at any set rate.

Since the pound started to rise with the onset of the U.S.-Iran hostage crisis last November, the underlying rise in the reserves has totalled nearly $2.8bn.

These inflows have not been unduly large on a month-to-month basis. But by adding liquidity to the banking system they have undoubtedly had some effect in moderating the Government's tough monetary stance.

Last month's accruals under the exchange cover scheme reflected a borrowing of $100m by British Airways. The largest repayments were made by the Post Office and British Steel.

Of the $1.5bn Eurodollar loan, the remaining $350m outstanding is due to be repaid by the end of the year.

Christian Democrat leader to form an Italian compromise Cabinet

BY RUPERT CORNWELL IN ROME

Sig. Arnaldo Forlani, Italy's Christian Democrat Party president and the new prime minister designate, last night began the arduous business of trying to form an administration and thus end the country's 40th post-War Government crisis.

After being given the mandate by Sig. Sandro Pertini, the Italian President, Sig. Forlani admitted in a brief statement that his task would be difficult. Indeed, it is known that only considerable persuasion from top party colleagues finally overcame his inclination to turn down the offer — as he did on a similar occasion during the protracted government crisis which followed last year's inconclusive general election.

He indicated yesterday that he would aim to enlarge the outgoing coalition of Christian Democrats, Socialists and Republicans to embrace the Social Democrats and perhaps the Liberals as well.

It is clear that he will seek to achieve some degree of accommodation with the Communists, where unremitting hostility did much to topple the six-month-old Government of Sig. Francesco Cossiga last weekend.

More important, Sig. Forlani's move to the prime-minister's post could open the way for a reshuffle at the top of the Christian Democrat hierarchy, and could bring in a party left-winger, sympathetic to the Communists as the new president.

Sig. Forlani is perhaps the best placed to reconcile the differences between the left-wing of the party and the hard line anti-Communist faction, which is still numerically dominant in Christian Democrat counsels.

The 55-year old former Foreign Minister has been hitherto an influential backstage politician. He has kept aloof from the recent infighting within the Christian Democrat ranks, which contributed to Sig. Cossiga's downfall.

Meanwhile Sig. Franco Foschi, the Labour Minister, resumed his attempts yesterday to mediate between management and unions in the increasingly venomous dispute at Fiat, Italy's largest private concern.

The dispute, over the company's plan to lay off 24,000 workers in its troubled car and steel divisions, has halted production for the past three weeks. There are growing signs of difficulties faced by suppliers and subcontractors, which are also being forced to shed workers because of the Fiat shutdown.

GTE plans to sell part of its U.S. operation

BY PAUL BETTS IN NEW YORK

GENERAL TELEPHONE and Electronics, the telecommunications and electronics group with annual sales of nearly $10bn (£4.2bn) last year, to sell its U.S. consumer electronics business to North American Philips.

The move comes only two months after GTE finalised the sale of the larger part of its consumer electronics business outside the U.S. to Thompson Brandt, the French electrical goods manufacture, and closed down the remainder.

North American Philips, with which agreement in principle was announced yesterday, is an American company controlled by the U.S. Philips Trust, and is the parent of the Magnavox consumer electronics concern. Individual shareholders of the Dutch conglomerate, NV Philips, are trust beneficiaries.

At its headquarters in Eindhoven, Holland, Philips said yesterday thta the addition of GTE's consumer electronics business would make Philips/Magnavox equal in size to the two biggest U.S. television manufacturers, Zenith and RCA.

Once the deal went through, it said, it intended to "streamline" the merged U.S. operations to achieve economies of scale.

Philips is banking heavily on hopes thta its newly developed videodisc home entertainment system will succeed on the American market.

It faces strong competition from rival machines developed by RCA and by Victor Company of Japan, an affiliate of Matsushita Electrical.

The deal should raise Philips' share of the American television market from about 7 per cent to more than 15 per cent.

Both parties declined to disclose the price of the transaction but GTE said it would represent a loss for the company and that it was making a $65m provision in its third quarter to cover this.

Earlier this year, GTE made an $85m provision to cover losses from its withdrawal from the consumer electronics market outside the U.S. following the sale of its West German and French subsidiaries to Thompson-Brandt.

The latest move completes GTE's total withdrawal from the televtision market, which in recent years had not been making what the company regarded as adequate profits.

GTE assets involved in the sale include products under the Sylvania and Philco brand names made at 12 plants in the U.S. employing about 8,000 people. North American Philips will also acquire GTE's television component manufacturing operations in Mexico and television component sales, service and distribution facilities field in the U.S. and Canada.

The transaction is expected to be completed in December, GTE said. Mr. Theodore Brophy, GTE's chief executive, said the company's share in the television set business did not allow it to be competitive.

"Our decision not to continue in the consumer electronics business worldwide eleminates a source of financial uncertainty for GTE," he said.

The U.S. company said the sale would also enable it to concentrate its efforts in a number of growth areas in the telecommunications, electronics and electrical products sectors. GTE is also holding onto its lightbulb manufacturing operations—the company is the biggest producers of conventional lightbulbs in the U.S.

● RCA announced yesterday it will form a joint venture in home video entertainment for the French speaking markets of Europe and Africa with Gaumont, a French film company.

Continued from Page 1

Saudis

West using its record stocks of oil to balance supply and demand.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, has said that he was concerned that some of the kingdom's 9.5m b/d of output—at least 1m b/d above its preferred level—had flowed into strategic stockpiles

On Wednesday the International Energy Agency's governing board, called on its 20 member governments to ensure that oil companies did not build up stocks any further. It also agreed to urge and guide private and public buyers to refrain from abnormal purchases on the spot market.

During the past week there has been a significant increase in spot market prices paid for oil products. For instance, traders reported yesterday that high sulphur fuel oil sold in North-West Europe was costing $196 to $197 a tonne as against $160-$162 a tonne immediately before the Iranian-Iraqi conflict.

Massey Ferguson Continued from Page 1.

Argus's statement said it had been involved in a number of unsuccessful attempts to refinance Massey in coalition with other shareholders, the Government and the company.

But Argus's role had been "widely misunderstood." The investment group, it said, "continues to believe that Massey Ferguson could be an advantageous investment, and hopes that its dispositions will facilitate federal and provincial government consideration of Massey Ferguson's request for assistance."

Massey was making no comment before the Government announcement, but an internal memo sent around the Toronto headquarters stated that Argus remained interested in participating in Massey's future.

The memo supports the strong impression that Ottawa and the provincial Government of Ontario, in which all of Massey Ferguson's 6,000 Canadian employees work, were willing to carry out a rescue, but not with the controversial and wealthy Black family still in the wings.

Massey, which has 46,000 employees around the world, 15,000 of them in the UK, where the company's Perkins Engine subsidiary is based, cannot endure its massive debt load and crippling negative cash flow much longer without aid.

At the end of July, the company's third fiscal quarter, Massey had nearly U.S.$2bn (£835.2m) of debt, excluding over $800m also owed around the world by its retail credit subsidiaries. Total shareholders' equity is only $515m.

During the nine months to the end of July, the company lost $63m, with a $66m loss in the third quarter as the North American slump in farm spending took its toll, along with the effects of rapidly-rising interest charges.

The company owes money to about 250 financial institutions throughout the world. But much of the risk on the company's unconsolidated credit subsidiary debt is held by governments, including those of Britain, France and the U.S., through their export credit guarantee organisations.

But this debt is considered to be much a lower risk than the debt of Massey Ferguson itself.

Massey's own bank borrowings of US $1.2bn are also spread around the world. British banks hold around 20 per cent of the total, Canadians 25 per cent, the U.S. 15 per cent and banks in Continental Europe 30 per cent.

In the heated public debate over whether the Government should involve itself in a bail-out, opponents of the idea have argued that to do so Canada would, in effect, be saving the skins not only of Argus but also of dozens of foreign banks.

Redundancy plan threatens Metro

BY PHILIP BASSETT, LABOUR STAFF

BL CARS is to press ahead with compulsory redundancies among its white-collar workers despite their warnings of industrial action which could disrupt production of the Mini Metro.

BL had planned yesterday at a meeting in Lytham St. Annes to give the union leaders a five-day notice of intent to implement compulsory redundancies, which its procedural agreement with the unions requires.

This was thwarted by the refusal of the Association of Professional, Executive, Clerical and Computer Staff (APEX) the union likely to be worst affected by BL's proposal to cut about 4,200 white-collar jobs—to attend the meeting.

The company is seeking an urgent meeting with all four unions involved, to initiate the procedure. The meeting is likely to take place within the next fortnight, after the unions have consulted their members. If it is further delayed, BL is ready to tell unions individually of its intentions to make the redundancies.

APEX has threatened to begin an overtime ban if the procedures are set in motion. It says that such a ban by its members at the Longbridge plant, particularly those computer staff employed in component procurement and assembly line control, could disrupt production of the Metro.

BL agrees that a "significant" amount of overtime is being worked on the Metro line, but it is confident that the launch of the car on October 14 is secure against industrial action. It says the 6,000 cars deemed necessary for the launch have already been dispatched to dealers.

Mr. Roy Grantham, APEX general secretary, said yesterday there would be no overtime ban by his members "until the company precipitates it." The longer BL delayed the meeting to issue the notice, "the longer the Metro will be safe."

However, the white-collar section of the Transport and General Workers' Union disclosed yesterday that before yesterday's meeting it had sent a recommendation to its 2,500 BL members to ban all overtime, to refuse to cover vacancies when they arise and to refuse to work with contract labour or temporary employees.

Mr. Tod Sullivan, section secretary, said: "The company's proposals for cutbacks are really only a political move in order to convince Sir Keith Joseph (the Industry Secretary) that it is still bashing the trade unions and that therefore the Government should hand out more cash."

BL is to make its application for increased Government funds through the National Enterprise Board this month.

The white-collar section of the Amalgamated Union of Engineering Workers is already banning overtime in the company, and the other union, the Association of Scientific, Technical and Managerial Staffs, is bound by a policy to support its members at BL if they wish to resist compulsory redundancies.

Union plans, Page 11

Weather

UK TODAY

RAIN will move towards NE, brighter but showery elsewhere.

London, S.E., C.S., E. England, E., W. Midlands, E. Anglia.
Sunny intervals, perhaps light rain. Max. 17C (63F).

N.E., N.W. England, N. Wales, Lake District, Isle of Man, Borders, S.W., N.W., N.E. Scotland, C. Highlands, Orkney, Shetland, Ulster
Outbreaks of rain. Max. 15C (59F).

S.W. England, S. Wales, Channel Islands.
Occasional drizzle, brighter intervals inland. Max. 17C (63F).

Outlook: After some rain at first in S., most parts will have sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Jersey	S	15	59
Akrotiri	F	23	73	Jo'burg	F	23	73
Alxndria	F	27	81	L. Plms.	F	24	75
Algiers	S	29	84	Lisbon	F	27	81
Amsdm.	F	16	61	Locarno	S	18	64
Athens	F	20	68	London	S	15	59
Bahrain	S	32	90	Luxmbg.	S	15	59
Barclna.	F	14	57	Luxor	S	34	93
Beirut	F	26	79	Madrid	S	28	82
Belfast	F	13	55	Majorca	S	28	82
Belgrd.	F	17	63	Malaga	S	27	81
Berlin	F	16	61	Malta	S	27	81
Biarritz	C	20	68	M'chstr	F	13	55
Bmghm.	F	13	55	Melbne.	F	26	79
Blackpl.	F	14	57	Milan	S	29	84
Bordx.	F	20	68	Mntreal.	F	16	61
Boulgn.	S	14	57	Moscow	F	8	46
Bristol	S	14	57	Munich	R	13	55
Brussels	F	15	59	Nairobi	S	27	81
Budpst.	F	16	61	Naples	S	25	77
Cairo	F	28	82	Nwcstl.	S	14	57
Cardiff	S	15	59	N. York	C	17	63
Cas'b'ca	S	27	81	Nice	F	23	73
Cape T.	C	16	61	Oporto	S	29	84
Cologne	C	14	57	Oslo	S	16	61
Cpnhgn.	F	14	57	Paris	S	17	63
Corfu	S	24	75	Perth	F	27	81
Dublin	F	14	57	Prague	C	14	57
Dbrvnk.	C	19	66	Reykjvk.	R	9	48
Ednbgh.	S	14	57	Rhodes	R	18	64
Faro	S	28	82	Riyadh	S	40	104
Florence	S	25	77	Rome	S	26	79
Frankft.	F	17	63	Rnldswy.	S	13	55
Funchal	F	24	75	Salzbrg	C	16	61
Geneva	S	19	66	Seoul	S	23	73
Gibraltar	S	22	72	Stckhm.	C	10	50
Glasgow	F	13	55	Strasbg.	C	14	57
G'nsey	S	15	59	Sydney	S	25	77
Helsinki	C	11	52	Tangier	S	31	88
H. Kong	S	28	82	Tel Aviv	C	25	77
Innsbrk.	S	16	61	Tokyo	S	21	70
Istanbul	C	18	64	Venice	C	17	63
Jeddah	S	33	91	Vienna	F	18	64

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Why T & L might shrink again

While the free market price of sugar touches new highs daily, Tate and Lyle is threatening to make further cuts in its UK refining capacity: although the company has not said as much, it is generally assumed that the axe is poised above its Liverpool refinery. There could hardly be a clearer indication of the structural weakness that has dogged Tate and Lyle since Britain joined the EEC.

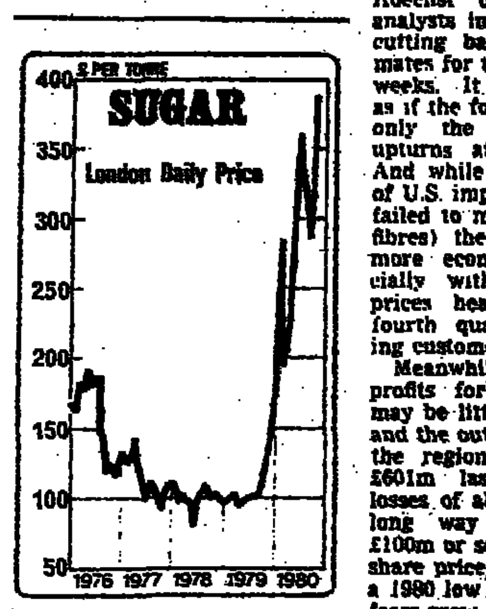
The equity market has preferred not to worry about the problems of Tate and Lyle's manufacturing base—the company's shares have recently held steady at around 160p, yielding about 9½ per cent. They have attracted buying because a fall in interest rates would have a highly beneficial effect on earnings—the group has over £100m of debt, most of it floating rate—and because the active world sugar market is assumed to help the commodity trading side.

Certainly Tate and Lyle's traders should have been enjoying themselves recently, and yet—as the company's profit record shows only too clearly—the earnings they produce are inherently unreliable. And it is precisely the high price of sugar which is at the root of the group's refining problems, since it transforms the EEC's sugar mountain from an embarrassment into a valuable asset. There is thus no pressure on EEC ministers to risk infuriating their beet sugar farmers by bringing in quota reductions. Tate and Lyle had been hoping for a cut of at least 100,000 tonnes in the British Sugar Corporation's "A" quota—it now looks as though the quota will be maintained at 1.04m tonnes.

Meanwhile, British consumption of sugar has been falling further this year as recession has hit the food manufacturing industry. Capacity reductions are inevitable, and Tate and Lyle is the highest cost producer. Brokers Henderson Crosthwaite estimate the UK's 1980 demand for sugar at 2.3m tonnes; the UK beet harvest, plus the imports of EEC white-sugar which the industry's customers encourage in order to keep a third force in the market, add up to more than 1.3m. The brokers reckon that Tate and Lyle, at present producing at a 1.2m tonnes annual turnover rate, has the capacity to refine 1.3m tonnes, or 1.65m on full manning.

Closure costs would represent a heavy burden, but T & L refineries could be highly profitable if they could only be operated near capacity. The group might still be at a cost disadvantage compared with BSC, which would be uncomfortable if BSC's fight with S & W Berisford and the other sugar merchants brought yet another round of price-cutting in the UK wholesale market. And it will always be highly vulnerable to decisions taken in Brussels—a stock for the Benn bull market, perhaps.

Index fell 4.5 to 478.7



Hoechst

News from the chemicals world becomes gloomier and gloomier. Yesterday Hoechst revealed that there would be a "drastic" fall in third quarter earnings. While the squeeze was already developing in the second quarter, it appears that the German majors have run into conditions little less painful than those experienced by their UK counterparts, after a lag of a couple of months. Hoechst reports capacity utilisation of 65 per cent in the parent company in the third quarter, compared with 80 per cent in the second, an extremely sharp decline even allowing for the normal seasonal weakness.

Hoechst is coming under some pressure to maintain its dividend next year at DM 7 in spite of the inevitable fall in profits. A cautious assurance on this front was enough to put the share price up DM 1.3 yesterday, to DM 112. However, the historic yield at this level is still barely short of 10 per cent, including the associated tax credit for residents, and well above German long bond yields, which implies that the market still fears a dividend cut.

The warning shot from Hoechst underlines the way analysts in the U.S. have been cutting back their profit estimates for the industry in recent weeks. It is beginning to look as if the fourth quarter will see only the most marginal of upturns after the destocking. And while the feared invasion of U.S. imports into Europe has failed to materialise (except in fibres) there are few signs of more economic pricing, especially with naphtha contract prices heading lower in the fourth quarter and encouraging customers to hold off.

Meanwhile, ICI's pre-tax profits for the third quarter may be little better than [illegible], and the outcome for the year in the region of £350m, against £601m last time. Polyester losses of about £70m will go a long way to absorbing the £100m or so of oil revenue. The share price fell 6p yesterday to a 1980 low of 340p. But unless fears grow of an actual dividend cut, the yield of nearly 10 per cent should prevent it falling much further.

Analysts

Champagne was flowing in some brokers' offices last night, but was distinctly absent in others as the results came through of the annual Continental Illinois survey of UK investment analysts. James Capel move to the top of the league table, and further down the list solid progress has been made by Phillips and Drew (from 6th to 4th) and Laing and Cruickshank (7th to 5th). But Hoare Govett have tumbled from 4th to 8th, and Greenwell fail to make the top ten.

As a statistical exercise the survey is rather hit and miss (only two-fifths of the [illegible] investment managers polled bothered to respond), while it is not at all clear that business levels relate at all closely to the personal ratings of analysts. And as firms like Cazenove and Rowe and Pitman regularly demonstrate, there are other ways of generating turnover than by running the best known research teams.

The success of Capel shows that it is still possible for a firm to spread itself fairly thinly across the field and achieve good ratings for individual analysts with the help of good back-up. But the sector lists shows that many smaller firms are pushing whole teams into specialist sectors, such as Savory Milln in construction, Albert Sharp in engineering and Capel-Cure Myers in retailing.

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